



U.S. Department of State FY 2001 Country Commercial Guide: Colombia

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I. EXECUTIVE SUMMARY

Colombia in 2000 is at a confluence of forces. Developments of the coming year have the potential to make the country's future much more positive -- or much worse, if progress cannot be made for peace and stability. U.S.-Colombia relations are the best in recent history. The U.S. has made a commitment to participate in "Plan Colombia", an integrated Government of Colombia strategy to address its narcotics, security, economic and human rights/social development problems. The United States will support the Government of Colombia's counter-narcotics campaign against production and international trafficking, and assist with programs of alternative development and humanitarian assistance. Other industrialized countries will support economic and social development. The assumption is that the country cannot achieve its potential without progress toward peace, which, in turn, depends upon breaking the financial linkage between illegal narcotics traffickers and guerrillas so that underlying economic and social problems can be addressed -- and that it is of global interest that Colombia do so.

Colombia ranks solidly with the group of progressive, industrializing countries world-wide that have well-diversified agriculture, resources, and productive capacities. The country has a broad, rich resource base, skilled human resources, a modernizing manufacturing and consumer economy, a legal, regulatory, business and physical infrastructure conducive to productive business activity, and a long history of economic growth in an essentially democratic political system.

But, Colombia's international image is notorious. It is called one of the most dangerous countries in the world. The world media reports focus almost exclusively on the country's horrifying violence, kidnapping, guerrilla conflict and drug trafficking. Lack of progress in the peace process with Colombian guerrillas who are fueled by unlimited narco money; the high number of civilian kidnappings and terrorism; corruption; as well as a high urban crime rate and a negative general security situation distort every day life and affect the morale of all Colombians. All of

this creates an impression of instability that has seriously undermined business and investor confidence.

Colombia's economy was flattened between 1997-2000 by the worst recession in seventy years, bringing a peso devaluation, severe unemployment and business paralysis to a country accustomed to more than forty years of steady growth. A measure of economic confidence was reestablished with the passage of a tough budget for 2000 and the successful flotation of the peso. By late 1999 growth resumed, although unemployment remained high. Colombia reached an agreement with the International Monetary Fund for a USD 2.7 billion Extended Funds Facility. The IMF accord entailed commitments to achieve specific macro-economic targets and to seek structural reform legislation. The peso has stabilized and needed macro-economic and structural reforms have been executed relatively smoothly. Economic indicators now are generally positive; the business climate shows signs of improvement. It is assumed that there will be a gradual resumption of Colombia's long pattern of positive growth, provided the security situation improves and the peace process goes forward.

The spotlight on Colombia is bringing more complete reporting about the country's economic and social circumstances. Still, balanced information about real and promising business opportunities in Colombia is hard to come by. The State Department's own travel warning, which is aimed at a broad audience without distinguishing between business and tourism, advises Americans not to travel to Colombia. So it's no surprise that most American business isn't inclined to consider Colombia, particularly SME/NTE/NTM companies looking for short-term results. At the same time, many savvy global companies understand clearly the strategic potential of the country, and are well established in Colombia, engaging in aggressive international competition across many sectors. However, these same experienced companies also make contingency plans to curtail operations and cut risk should the security situation deteriorate further.

Prudent American companies will conduct a balanced, pragmatic evaluation of their realistic mid- to long-range business potential in Colombia, taking into account the short-term uncertainties. It is crucial to acknowledge security concerns. However, if market indicators in their sectors are positive, companies should develop strategies, working with local and international partners, to pursue promising business opportunities in Colombia.

Over the past decade Colombia has ranked, on average, about the twenty-fifth largest U.S. market world-wide, and the fifth in Latin America, after Mexico, Brazil, Argentina and Venezuela. The severe downturn in trade and production figures of the past three years is now readjusting to pre-recession rates. Historically, the U.S. is Colombia's largest and most important trading partner, with about 32-percent share of the roughly US\$10 billion Colombian import market. U.S. investments in Colombia are valued at around US\$4.3 billion, a 28 percent share of accumulated foreign direct investment (not including portfolio and petroleum).

A healthy trading relationship is a two way or "doble via" relationship. Beginning in 2000, the Colombian Government has launched ambitious initiatives designed to improve competitiveness, increase transparency, ease non-tariff and bureaucratic barriers, reduce corruption, modernize industry and services and double exports within three years. The Colombian push for competitiveness and export expansion requires Colombian companies to modernize their production facilities and delivery systems. They will need to acquire technology, goods, services and know how, preferably from the United States.

U.S. technology, goods and services enjoy excellent market receptivity, and are favored for their quality and value for money. U.S. companies willing to look for ways to take advantage of these emerging opportunities through the establishment of trading, partnering and investment relationships with modernizing Colombian entities can succeed.

U.S. trade and project financing, insurance and guarantee programs through such entities as the U.S. Export Import Bank (ExIm), the Overseas Private Investment Corporation (OPIC) and the Trade and Development Agency (TDA) are available in Colombia. The country was certified for counter-narcotics cooperation again in 2000. The privatization of numerous government owned enterprises, e.g., ISA, ISAGEN (electricity generation and distribution), ETB (telecommunications) and Carbocol (coal mine) has been slowed by the recession. Labor problems and security concerns have deterred some potential investors. However, the government is still committed to privatization as a key element in the revitalization of the economy.

Colombia is an attractive market with a tapestry of demographic, geographic and cultural advantages. The country is strategically located at the northwest tip of South America, with close, easy access to U.S. southern ports. With coasts on both the Caribbean and Pacific oceans, it straddles the Andes to the Amazon, with a rich diversity of topography and climate, mineral and agricultural resources. Colombians are an urbanized people, with over seventy percent of the 40.2 million inhabitants living in towns and cities. More than thirty cities have populations in excess of 100,000. The capital city, Bogota, has six million inhabitants. Medellin, a city of 1.8 million in western Colombia, is a major modern industrial center, producing textiles, clothing, chemicals, plastics, and printed materials. A large number of foreign multinationals have established Andean regional manufacturing plants in Cali, the third largest city. Other cities with important industrial activity are Barranquilla and Cartagena on the Caribbean coast, Bucaramanga, and Pereira, in the world famous coffee region.

Companies long-experienced in Colombia are adapting to the present uncertainties while maintaining their positioning, investments and personnel in the country. Intrepid firms know that with risk comes opportunity and competitive advantage against the less bold. Knowledgeable U.S. firms are pursuing major projects, or offering niche products and services to take advantage of market opportunities. Many U.S. firms assign local agents and distributors, or out-source services to enable them to limit their own physical presence. They are banking on long term

economic prosperity and eventual success of the peace process and counter-narcotics campaign.

In summary, although in the short-term, some conditions are worrisome, U.S. firms looking for a mid- to long-term regional advantage should focus on Colombia's comparative potential and record of economic stability and growth. In Chapter V of this report, the U.S. Commercial Service and the U.S. Foreign Agricultural Service at the U.S. Embassy in Bogota identify best prospects for U.S. exports to Colombia. The best-prospect sectors for non-agricultural goods and services include: industrial chemicals, telecommunications services, travel and tourism, financial services, oil and gas machinery and services, automotive parts and accessories, air cargo services, telecommunications equipment, plastics materials and resins, electric power systems, management consulting services, pollution control equipment, construction and mining equipment, medical equipment and apparel. In agriculture, best prospects include: processed food, cotton, wheat, corn, soybean meal, and soybeans. For assistance in identifying specific areas of opportunity, and to receive tailored business counseling services, please contact the Commercial Service at the U.S. Embassy in Bogota: Tel: (571) 315-2126/-2298/-1026; Fax: (571) 315-2171/-2190.

ECONOMIC TRENDS AND OUTLOOK

Major Trends and Outlook

Colombia is struggling to recover from its first recession since 1931. The recession began in the second quarter of 1998, and growth did not resume until the fourth quarter of 1999. Colombia faced negative growth of 4.5 percent in 1999, and unemployment rose to over 21 percent (and as of mid-June 2000 had yet to decline significantly). Growth for 2000 has been estimated at between two and three percent as a modest recovery takes hold.

After moving relatively slowly during its first year in office, from mid-1999 onward the administration of President Pastrana moved ahead with a serious, economically orthodox recovery package. This included passing an austere budget for 2000 and reaching an agreement with the International Monetary Fund for a USD 2.7 billion Extended Funds Facility. The IMF accord entailed commitments to achieve specific macro-economic targets and to seek structural reform legislation including a reform of departmental (state-government equivalent) and municipal (county-government equivalent) pensions, a revenue-enhancing tax reform, and an amendment capping transfer payments to departmental and municipal governments currently mandated under the 1991 constitution.

Faced with an overvalued peso, the Central Bank in 1999 engaged in controlled devaluation by enlarging an existing exchange rate band, in effect devaluing the peso by 25 percent. In late September 1999, following a period in which markets tested the ceiling of the band, then at 1990 pesos per dollar, it was abolished and the peso was allowed to float. Despite predictions to the contrary, the peso remained stable for the next seven months, as markets took note of the IMF

agreement and the nascent economic recovery. In April 2000, the peso slumped as Pastrana and the Congress confronted each other over proposed political reforms. Following Pastrana's withdrawal of his reform package, the peso stabilized, though as of mid-June 2000 it had not recovered its previous value and was trading at around 2100 per dollar.

Colombia enjoyed single digit inflation in 1999, though this in large measure was a result of the low level of economic activity. The Government's agreement with the IMF commits it to maintaining on a declining path both inflation and the fiscal deficit (6.3 percent of GDP in 1999), while increasing growth. This scenario can be fulfilled only if contemplated economic reforms are passed and privatizations in the energy and telecommunications sector move ahead. The amount of domestic and international private sector investment in Colombia over the medium-term future, vital for sustainable, low-inflation growth, will depend to a large degree upon improvement in the extremely troubled security climate.

The soundness of Colombia's finance sector has become a major new concern since the advent of the recession. Doubly hit by high interest rates and the recession, the sector sustained record losses in 1998, which continued through 1999 with the ratio of non-performing loans reaching 14.2% at year's end. With resources from the World Bank and other international financial institutions, the Government has bailed out or taken over several of the shakiest institutions in this sector. As the year 2000 has progressed, some improvement in the loan portfolios of

Colombia's banks has been seen. At the same time many Colombian businessmen have complained about the banks' failure to provide sufficient credit to further spur economic recovery.

As of mid-2000, public foreign debt was approximately USD 19.7 billion, almost entirely long-term; private foreign debt was just over USD 14.7 billion. Total foreign indebtedness was hence still around 40% of GDP. Official foreign reserves were approximately USD 8.0 billion, corresponding to more than six months' imports. Major international credit rating firms currently consider Colombian sovereign debt to be below investment grade.

Principal Growth Sectors/Sectoral Performance

The sharp recession, which began in 1998 and extended for much of 1999 took its toll on most sectors of the economy. For instance, the hard-hit banking sector shrank by 20.0%, commerce, hotels, and restaurants shrank by 7.3%, manufacturing shrank by 14.6% and the transport and storage sector shrank by 2.0%. Telecommunications services, however, continued to put in a strong performance, with growth of 8.7% (almost the same as 8.8% growth in 1998). Mining sector growth was 8.1% for 1999, a bit down from 1998's 10.0%. Hydrocarbon production increased 10%, and revenues increased to USD 4.8 billion in 1999 from 3.9 billion in 1998 due to the increase in international oil prices. Production from current reserves is beginning to taper off. However, major international firms have important exploration programs in Colombia.

Nonetheless, petroleum investment is inhibited by the security situation, which includes sporadic guerrilla attacks on the country's principal pipeline.

Agriculture, which accounts for about 18 percent of GDP, including livestock, hunting, fishing, and forestry and coffee, shrank by 2.1% in 1999, versus 1.0% growth in 1998. Coffee (historically Colombia's most important agricultural product) grew 12.8% for the year, largely as a result of better prices. The construction sector was particularly hard-hit in 1999, with negative growth of 19.9%, following negative growth of 14.4% in 1998. A ruling by the Constitutional Court, which invalidated the Government's housing finance regime greatly added to uncertainty in this already depressed sector. The modest economic recovery in 2000, if sustained, should result in positive growth in many sectors, though admittedly from a very low starting point.

Government Role in the Economy

The Pastrana administration has generally supported the thrust of Colombia's "apertura" (economic liberalization) begun in 1990-91 under former President Gaviria and continued, albeit more slowly, under former President Samper. To date, sector liberalization has progressed farthest in telecommunications, financial services, accounting/auditing, energy and tourism. Less open sectors include audiovisual services, legal services, insurance, distribution services, advertising and data processing.

In November-December 1998 the telecommunications market opened for long-distance and international calling, with two private consortia beginning to compete with the state telecom monopoly. In May-June 1999 the Colombian Congress passed legislation to reform oil royalties, and Ecopetrol revised the terms of association contracts, further opening this sector to foreign investment. Other sectors, in particular agriculture, remain highly protected and have not been subject to further liberalization under the Pastrana Administration. In the financial sector, controls on short-term capital inflows have been abolished.

The mid-1990s saw the privatization of many Colombian seaports, airports, highways, energy projects, telecommunications, and financial institutions. Current Government plans call for the privatization of four major enterprises in the energy and telecommunications sectors, with the goal of raising at least USD 3.1 billion to help reduce the budget deficit. Delays, because of both legal issues and investor concerns about the security and economic picture, have occurred. However, senior officials have reiterated their commitment to privatization.

Balance of Payments

Colombia enjoyed an official trade surplus in 1999 of USD 909.5 million, which contrasted with the USD 3.8 billion deficit, which was reported for 1998. Exports increased, from USD 10.8 billion to USD 11.5 billion (+6.5%), while imports decreased from USD 14.6 billion to USD 10.6 (-27.2%). The rise in exports was largely due to improved international commodity prices

for coffee, coal and oil. Economic recession and the peso's weakening were behind the drop in imports. The weaker peso also led to improved competitiveness for non-traditional goods such as textiles and garments. Colombia's major exports were petroleum, coffee, coal, nickel, gold, and non-traditional exports (i.e., cut flowers, textiles, chemicals, semiprecious stones, sugar and tropical fruits). The overall current account deficit was USD 963.9 million, down from USD 5.87 billion in 1998.

Colombia's major trading partner in 1999 was the United States, which received 48.5% of Colombia's exports (up from 37.1% in 1998) and provided 42.1% of its imports (up from 31.8% in 1998). The E.U. and Japan remain prime trading partners, as do Andean Community countries—especially Venezuela—for non-traditional products.

In 1999, estimated U.S. exports (CIF) to Colombia totaled approximately USD 4.5 billion, down from USD 4.6 billion in 1998, while imports from Colombia rose to USD 5.6 billion in 1999 from 4.0 billion in 1998. Principal exports to Colombia were vehicles, boilers, agricultural products, electrical power generation and other machinery, organic chemicals, plastics, and cereals. Principal U.S. exports to Colombia were vehicles, agricultural products, chemical products, paper products, textiles, electrical power generation and other machinery and cereals. Colombia was the United States' thirtieth largest market in 1999.

Infrastructure

Business operations in Colombia continue to suffer from inadequate national infrastructure, most evident in the poor quality of roads and bridges. Insecurity in rural areas compounds this factor by increasing the difficulty and risk of commercial and personal transport via the road system. Air transport compensates in some respects; Colombia has one of the densest domestic air route networks in Latin America. Telecommunications infrastructure has increased markedly in quality and penetration in recent years, helped by limited opening to local and regional competition and increased cellular coverage around the country. Electrical infrastructure is fairly extensive, although several thousand of the country's smallest and most remote villages remain without electrical power. Guerrilla attacks on power generation stations and on transmission lines have caused several blackouts in major cities. Internet access is available in Colombia through the

III. POLITICAL ENVIRONMENT

Bilateral Relations with the United States

The foreign policy of the administration of President Pastrana has focused on rehabilitating and enhancing Colombia's image as a global and regional player and seeking international political and economic support for its efforts to address its multiple crises. Under President Pastrana relations with the U.S. have been greatly transformed for the better after four years of strain under the Samper Administration, during which the U.S. Government twice "decertified"

Colombia for insufficient counter-narcotics cooperation, and revoked President Samper's visa because of his links to narcotraffickers. The U.S. government gave full certification to Colombia for narcotics cooperation in both 1999 and 2000. The U.S. has been in close contact with the Colombian government as the latter has designed "Plan Colombia," an integrated strategy to address its narcotics, security, economic, and human rights/social development problems. President Clinton has submitted to Congress - and the Congress has approved - a major assistance package in support of Colombia.

Political Instability—Effects on Business Climate

Continued political instability mainly stemming from lack of progress in the Government's peace process with Colombian guerrillas, the high number of politically motivated civilian kidnappings, and other guerrilla and paramilitary terrorism, as well as a high urban crime rate and a negative general security situation, all continue to damage the climate for business in Colombia. Narco-trafficking and related corruption profoundly affect much of Colombia's political and economic environment.

In the face of the extremely difficult situation inherited from his predecessor, whose administration was widely considered to be corrupt and lacking in credibility, Pastrana has taken a number of important steps. A measure of economic confidence was reestablished with the passage of a tough budget for 2000 and the successful floatation of the peso following a series of controlled devaluations. By late 1999 growth resumed, although unemployment remained high. However, growth was threatened by a confrontation which began in April 2000 between Pastrana and the Congress over the former's plans for a referendum on major political reforms. The struggle over the reforms, which would have entailed dissolving the current Congress, caused considerable uncertainty, as it threatened progress on further economic legislation such as a tax bill and a constitutional amendment capping transfers to departmental and local governments. In late May 2000, Pastrana withdrew his referendum proposal.

Pastrana has remained firmly committed to his policy of seeking a negotiated solution to Colombia's guerrilla insurgency. Negotiations with the FARC, Colombia's largest guerrilla group, have gone forward. The demilitarized zone, which was created in a sparsely populated area of southern Colombia for peace talks, has remained in effect. At the same time, the FARC continues to mount attacks on Colombian police and military as well as engage in destruction of infrastructure, kidnapping, extortion, and protection of narcotics cultivation. The government appears to be close to entering into negotiations with Colombia's second guerrilla group, the Army of National Liberation (ELN). Hundreds of thousands of small farmers and rural workers have been displaced by fighting among guerrillas, paramilitaries, narcotraffickers and government security forces. Public support for the peace process remains fragile.

High levels of economic crime continued to plague business in Colombia. Truck hijackings, contraband importation, counterfeiting of products, kidnapping for ransom, and sabotage all

increased cost and risk of doing business in the country. Foreign oil companies are particularly subject to extortion, kidnappings and pipeline attacks. Although there has been some labor strife, notably a two-day general strike in August 1999, high unemployment and low rates of unionization have constrained union militancy.

Regional Activities

Colombia is a leader in regional and international organizations such as the Andean Community, the Rio Group, the OAS and the UN and its specialized agencies. Colombia has also been an active participant in the Summit of the Americas process. Colombia is currently seeking a position on the United Nations Security Council and enjoys regional support.

Trade Policy and Promotion

From its outset, Pastrana's administration has energetically pursued bilateral measures and agreements to promote trade. These have included: participating in periodic Trade and Investment Council (TIC) meetings between the U.S. and the Andean Community; improved oversight of the television sector and reduction of cable and satellite signal piracy; and Pastrana's issuance of a directive in 1999 requiring all Colombian public entities to respect international copyrights. Early renewal of the Andean Trade Preferences Act, scheduled to expire in 2002, is a top Colombian priority. Pastrana has called for increased competitiveness on the part of Colombian industry with the ultimate goal of Colombian entry into the North American Free Trade Agreement (NAFTA).

Counternarcotics

Colombia remains the world's largest cocaine producer. Up to three-quarters of the world's cocaine hydrochloride (HCL) is processed in Colombia from cocaine base imported from Peru and Bolivia and, increasingly, from locally grown coca. Coca cultivation in Colombia increased by 20 percent in 1999. According to the Colombian National Police, official counternarcotics operations in 1999 included the seizure of almost 30 metric tons of cocaine HCL and cocaine base, 140 metric tons of coca leaves, 61 metric tons of marijuana and 644 kilos of heroin, morphine and opium, the seizure of 540 vehicles, 189 boats and 422 weapons, as well as the destruction of 44 clandestine airstrips, and the arrest of over 2,200 persons. Colombia ratified the 1988 UN Drug Convention in September 1994.

In December 1996 the Congress adopted an asset-forfeiture law aimed at narco-traffickers, and in February 1997 a law to increase penalties for a number of crimes, including narco-trafficking, and to combat money laundering. Progress on implementing the asset forfeiture law has been slow but procedural changes were introduced in 1999 to streamline forfeitures. In December 1997, the Colombian Congress voted to remove prospectively the 1991 Constitution's ban on extradition of Colombian nationals. In November, 1999 the first Colombian national was

extradited to the U.S. following the change in the law. U.S.-Colombian law enforcement cooperation was dramatically demonstrated by “Operation Millennium,” the investigation, which led to the arrest of 30 major narcotics traffickers by Colombian police on U.S., charges. Extradition of these individuals to the U.S. has been requested.

On October 21, 1995, President Clinton signed Executive Order 12978 entitled “Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers.” E.O. 12978 blocks all property subject to U.S. jurisdiction in which there is any interest of principal members of major drug cartels, as well as the property and interest in property of persons determined to play a significant role in international narcotics trafficking centered in Colombia or determined to materially assist in, or provide financial or technological support for or goods or services in support of, the narcotics-trafficking activities of persons designated in the Order. It is illegal for U.S. persons to buy, sell, trade, give away or otherwise engage in transactions involving persons and companies designated pursuant to the Order (who are referred to as SDNT’s—Specially Designated Narcotics Traffickers). This list has been updated on several occasions. A list of the names of such persons and companies is available from the Office of Foreign Assets Control/OFAC, Department of the Treasury, Washington, D.C. 27220, Tel: (202) 622-2520, from the U.S. Embassy or via the Internet at the following address:
<http://www.ustreas.gov/treasury/services/fac/fac.html>

Human Rights

As noted in the Department of State’s annual report, serious problems remain in the area of human rights, especially with regard to political and other extra-judicial killings. The internal armed conflict and narcotics trafficking are the central causes of violations of human rights and humanitarian law. Government security forces rarely violated international humanitarian law, and their performance has improved dramatically in recent years. Paramilitary groups and guerrillas committed the great majority of abuses which included massacres, targeted assassinations, indiscriminate attacks on civilians, torture, and kidnapping. The Colombian Government has adopted laws and implemented reforms in the judiciary, police and military to abate human rights problems. Colombia ratified the Second Protocol to the Geneva Conventions regarding human rights safeguards in internal civil conflicts in 1994 (the Constitutional Court upheld the ratification in a 1995 decision.) The Pastrana administration has taken action against alleged human rights violations by military personnel, and reform of the military penal code is scheduled to take effect in August 2000 under which allegations of forced disappearance, genocide, torture and forced displacement are to be tried in civilian, not military courts.

Overview of Political System

Colombia is a constitutional democracy with a bicameral congress and separate executive and judicial branches. Laws promulgated in Congress and administrative action taken by the Presidency are subject to the 1991 Constitution. The President and Vice-president are elected by

direct vote for a four-year term which cannot be renewed. The country is divided into 32 departments plus the city of Bogota, represented according to population in the House of Representatives (although members do not represent specific districts therein). Senators are elected on a nation-wide basis, and therefore also do not represent specific districts. The judicial branch features a separate “public prosecutor general” and attorney general; both are independent of the government executive.

Notwithstanding Colombia’s traditional commitment to democratic institutions, its history has been plagued by violence. This situation has been exacerbated by the government’s lack of permanent presence in vast rural zones of the country. Guerrillas, paramilitary groups, and narco-traffickers often have filled the resulting vacuum.

The 1991 Constitution was intended to improve the political system and upgrade social and individual rights. It created the Office of the Prosecutor General (“Fiscalia”) and the basis for a more aggressive prosecutorial system of criminal justice, as well as the right of “tutela,” a legal resource for citizens to appeal to the courts in defense of their constitutional rights. The Constitution also opened the way for decentralization of government by elections of regional officials, who previously were appointed. However, implementing these and other multifaceted constitutional reforms has been difficult. Legislators, the executive, and the courts often promote their own interpretations of both the spirit and the letter of the Constitution.

Traditionally, the Liberal and Conservative parties have been the backbone of Colombian democracy. After 12 years of Liberal Party presidents, Conservative Party candidate Andres Pastrana narrowly defeated Liberal Horacio Serpa in the June 1998 Presidential election and took office on August 7 of that year. The incumbent is allowed to serve only one 4-year term. The Liberal Party retained its two-to-one majority in the chamber of representatives and the senate after March 1998 congressional elections, but lost all the main leadership positions to Pastrana’s “Great Alliance for Change” coalition in the wake of Pastrana’s victory. A major corruption scandal in Congress which erupted in April 2000 led to the resignation of most of the leadership of the House of Representatives. This, and Pastrana’s now withdrawn attempt to initiate a referendum which would have dissolved the current Congress, have left executive-legislative relations uncertain at best.

IV. MARKETING U.S. PRODUCTS AND SERVICES

Distribution and Sales Channels

The opening of the Colombian economy to foreign competition has facilitated the importation of most products, including capital equipment, raw materials, and consumer goods. However, the cost of imported items is made higher once corresponding duties, 15 percent value-added tax (VAT), and other surcharges are paid. The marketing of most imported items, especially capital equipment requiring after-sales and parts, is still conducted through agents and distributors.

Large Colombian manufacturing firms with good service and maintenance departments and their own import divisions bring in most of their equipment and raw materials directly, provided the foreign supplier is capable of after-sales service and on-time deliveries.

Major Colombian distributors, wholesalers and a few end-users are now opening purchasing offices and warehouses in Florida for all types of products. Many end-users are also buying directly from suppliers and/or manufacturers abroad, instead of from local representatives. End-users increasingly are establishing direct contact abroad, through Internet and other means, for sources of new products and services, thus avoiding intermediaries in Colombia.

Colombia has a vast array of retail outlets ranging from large department stores, specialty stores, general merchandise stores, public markets, supermarkets, chain stores, and cooperatives to radio and TV sales, as well as street vendors and truckers who engage in door-to-door peddling.

Hypermarkets (mostly wholesale department stores) are gaining popularity in Colombia and are offering a wide variety of consumer products at competitive prices.

Consumer products from countries around the world are found easily on the shelves of Colombian stores. Although an increasing percentage of these products are imported legally, a significant amount comes in through open and technical contraband, which is a major problem, especially for consumer goods. Over US\$5.0 billion in imports is estimated to enter the country illegally. One of the causes for so much contraband is that most consumer goods and consumer electronics are subject to a 20 percent CIF import duty and a 15 percent value-added tax (VAT) assessed on the CIF-duty-paid value of imported products. This nearly 50-60 percent margin over the basic FOB price of legally imported consumer goods encourages contraband. Colombian government efforts to reduce illegal contraband, including media ad campaigns and arrest/confiscation of goods, have had limited but encouraging results.

Use of Agents and Distributors: Finding a Partner

U.S. businesses should obtain as much information as possible on their prospective Colombian customers, including checking their potential customer's background, reputation, purchasing power, and financial, credit and trade records. A credit report and bank reference is recommended for prospective representatives, associates and important customers.

In negotiating agreements and contracts, attention should be paid to formality, personal relationships and the building of trust. Colombians will want to know their supplier or partner personally before deciding whether he or she is trustworthy.

Foreign firms interested in exporting to the private sector in Colombia are not required by law to secure a local agent or representative. However, as a general rule, it is advisable to appoint a local agent or sales representative to help with import procedures, sales promotion and after-sales service. For sales to the government, either directly or through international tenders, Colombian law requires that foreign bidders have legal representation in Colombia. Foreign bidders also are required to register with a Colombian chamber of commerce under the so-called "Registro Unico

de Proponentes” (Bidders Register) and, in most instances, must be pre-classified and pre-qualified by the chamber and, in some cases, by the Colombian government contracting agency.

Representation and distribution agreements are regulated by the Colombian Commercial Code. An agent or representative differs from an appointed distributor in that the former is legally associated with the principal and may enter into legal agreements on the principal's behalf, while the latter may act totally independently from the principal. A distributor may purchase items from a foreign supplier, wholesaler or jobber, and resell them locally at his/her own discretion and risk.

In order to secure an agent, representative, or distributor in Colombia, a contract adhering to the provisions of the Colombian Commercial Code is required. This contract must be registered with the chamber of commerce where the agent/representative is located. Agency or representation agreements do not require government approval.

In order to terminate an agency or representation agreement, either party must provide a written notice ninety days prior to the scheduled termination. Unless the agreement states otherwise, upon termination, the agent or distributor is entitled to receive from the contracting firm an amount equal to one-twelfth of the average annual commissions, royalties, or profits earned by the agent during the last three years multiplied by the number of years the agreement has been in effect. In addition, the agent or representative may unilaterally terminate the agreement “for cause” and is entitled to indemnification, which is decided by a board of public officials and non-governmental representatives. Justifications for termination “for cause” include:

- Lack of fulfillment by either party of its contractual obligations.
- Any act of omission by either party affecting the interest of the other party.
- Bankruptcy or termination of activities of the company or agent/representative.

The Commercial Service at the U.S. Embassy in Bogota recommends that U.S. companies seeking agents, distributors or representatives in Colombia, avail themselves of the Agent Distributor Service/ADS (current cost \$250) and/or the Gold Key Service/GKS (current cost \$250 for the first day; \$150 for subsequent days; plus interpreter and local transportation costs). The Gold Key, a CS-organized appointment schedule for visiting U.S. company representatives, has proven to be particularly effective for this market. It is also advisable that companies order an International Company Profile/ICP (current cost \$125) or other credit report before entering into business arrangements with a new business partner.

CS Bogota also prepares detailed sector reports (Industry Sector Analysis - ISAs) and other market reports (International Market Insights - IMIs) on an ongoing basis, which are available through the National Trade Data Bank (NTDB). Many of these reports contain lists of potential

business and other important sector-specific contacts. (See Chapter XII - Market Research - for a list of reports currently available). Customized Market Analyses (CMAs) (current cost \$3,600) are also available for those requiring individualized market research for their products.

Another good way to explore opportunities and make contacts in the Colombian market is to participate in trade missions or trade shows, or through catalog/matchmaker events in Colombia, as well as by visiting trade shows in the U.S. attended by Colombian buyers. (See Chapter XIII - Trade Event Schedule - for a list of upcoming events). For additional information on all of these programs please contact the U.S. Export Assistance Center (EAC) nearest you, 1-800-USA-TRADE, or The Commercial Service at the U.S. Embassy in Bogota, Colombia. E-mail: Bogota.Office.Box@mail.doc.gov

CS Bogota, in conjunction with U.S. domestic offices of the U.S. Department of Commerce (please check with U.S. domestic offices for fees), is now capable of providing videoconference sessions between U.S. firms and prospective customers in Colombia -- the new "virtual" approach.

Prohibition against doing business with Specially Designated Narcotics Traffickers(SDNTs)

On October 21, 1995, President Clinton signed Executive Order 12978 entitled "Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers", which blocks all property subject to U.S. jurisdiction in which there is any interest of members of the several Colombian drug cartels. In addition, the order blocks the property and interest in property of persons determined to play a significant role in international narcotics trafficking centered in Colombia or determined to materially assist in or provide financial or technological support for, or goods or services in support of, the narcotics trafficking activities of persons designated in the Order. It is illegal for U.S. persons to buy, sell, trade, give away or otherwise engage in transactions involving persons and companies designated pursuant to the Order, who are referred to as SDNT's (Specially Designated Narcotics Traffickers).

A list of the names of such persons and companies is available from the Office of Foreign Assets Control/OFAC, Department of the Treasury, Washington, D.C. 20520, Tel: (202) 622-2520, or via Internet: <http://www.ustreas.gov/treasury/services/fac/fac.html>

U.S. companies and individuals doing business in Colombia should be aware of the above Executive Order aimed at curtailing the money laundering operations of the Colombian drug cartels. SDNTs include entities or individuals directly involved in the drug trade, companies or front companies owned by them, and companies or individuals which supply or do business with any of the preceding. U.S. companies found to be doing business with SDNTs will be notified by OFAC to cease and desist. Failure to do so can result in financial penalties and/or criminal prosecution.

Therefore, although most of the established businesses in Colombia are not involved in the drug

trade, U.S. companies should, in addition to doing financial background checks on new potential business partners, also contact OFAC to obtain the most current listing of SDNTs to ensure that their new business partner is not on the list.

Franchising

Franchising is acquiring importance in Colombia as a business development and marketing system. As a non-traditional way of doing business, it had a slow beginning in the late seventies and had only moderate development for more than a decade. It flourished in the nineties until it was slowed down by the recession of 1997-1999. For the period 2001-2003, the Colombian market, which encourages foreign investment and international trade, offers good business opportunities for U.S. companies, assuming current economic conditions do not deteriorate.

Relationships between franchisers and franchisees are regulated by the terms of freely negotiated contracts, provided that they are consistent with the Colombian Commercial Code and applicable legal framework. Emphasis is on the clear description of their mutual rights and responsibilities.

International practices are applied. Competent legal advice is essential during all steps of a franchising negotiation.

The franchising pioneers were U.S. fast food companies. Today, fast food is the largest franchising sub-sector with internationally known names such as Pizza Hut, Jeno's Pizza, Burger King, Kentucky Fried Chicken, McDonald's, Domino's, Taco Bell, Wendy's, Haagen Dazs, Yogen Frusz, Subway, Dunkin Donuts, Baskin Robbins, etc. Franchising companies also have been successful in other sectors like Postnet, Office Depot, Future Kids, Heel Quick, and Sir Speedy. Worldwide known brands or apparel labels also are being produced in Colombia under franchising or licensing agreements.

In the early nineties, as the Colombian business community began to become familiar with the system, flourishing local companies entered the market by selling franchises in Colombia and abroad. Good examples are Kokoriko (broasted chicken and fast food), Frisby (fried chicken), Jeans & Jackets (casual apparel), Palos de Moguer (microbreweries), and Color Siete (apparel boutiques).

Currently, the eighty Colombian and foreign franchising companies generate approximately 11,000 direct and 45,000 indirect jobs in their 1,200 outlets. Trade associations and universities continue to offer franchising education seminars and organize trade events. Colombians enthusiastically welcome this business practice that offers a certain assurance of successful business operation, derived from following the standards, state-of-the-art technology, and know-how of an experienced, successful franchiser.

The best prospects in the franchising sector continue to be fast food restaurants, especially if they can fit in with the infrastructure of gas stations. This opportunity is also applicable to small

convenience stores. Other best prospects are: internet cafes and institutes for teaching English as a second language (prices must be affordable by Colombian standards).

It is estimated that the share of this market is as follows: United States - sixty percent, Colombia – thirty percent, and third countries – ten percent. The Colombian business community's knowledge of and confidence in U.S. business practices, Colombians' preference for the American way of life, plus the advantages offered by the geographical proximity of the two countries (reducing costs of training trips, equipment transportation, etc.) represent good advantages for U.S. companies interested in the domestic franchising market.

The best way to find franchisees is to use strategies such as innovative press ads in publications with good penetration in the prospective investors' world, such as the magazines *Dinero*, *La Nota Economica*, *Alta Gerencia*, *Semana*; or newspapers like *El Tiempo*, *El Espectador*, *La Republica*, and *Portafolio*. COINVERTIR, a Colombian government institution that promotes investment in Colombia, should be another good contact for finding prospective partners and/or franchisees. Entering into contact with key trade and industrial associations like the National Federation of Merchants (FENALCO) and the National Association of Industrialists (ANDI) would also be helpful. Upon request, CS Bogota will provide a list of these contacts.

Direct Marketing

Direct marketing through telephone, radio, TV, cable TV, catalogs, credit card promotions, flyers, polls, sales seminar invitations, and sales calls to either home or office sites are popular in Colombia, including home delivery service. Many stores and large distributors are producing their own catalogs for either phone, mail orders, e-mail or the web which can be paid for by cash, check, or credit cards. E-commerce (electronic trade) is a recently introduced marketing alternative. The Colombian Congress has passed relevant legislation. Legal advice may be deemed necessary before entering into sales or contractual agreements under e-commerce. Private seminars, workshops and trade shows are being organized in Colombia to learn of particulars and interpretation of the legislation.

International direct marketing is still currently difficult primarily due to customs clearance procedures and legislation on postal, express and/or courier shipments. Postal and courier shipments are regulated by Decree 1909 (Art.51) and DIAN (Colombian Internal Revenue and Customs Bureau) Resolution 3780 of 1994. Postal shipments (correspondence, postcards, and printed materials) are exempt from licensing requirements and/or payment of duties. Courier or express shipments not exceeding US \$500 in value are freely imported and classified under HS 98.08.00.00.00, but are subject to a 10-percent CIF tariff and 15-percent VAT (value-added tax) on the CIF-duty-paid value of shipments. The new Customs Code, to become effective on July 1, 2000, increases the permitted value for urgent/express or courier deliveries from US \$500 to US \$ 1,000, and applies to either air or surface shipments.

A few "informal" Colombian companies offer catalog order services from well-known chain

stores or wholesalers in the United States for home delivery at acceptable prices. This procedure, however, is not practical for orders over \$1,000 due to the custom clearance problems mentioned above. A few imported products are being marketed directly through internet, cable and satellite TV promotions. Legally established firms in Colombia carry out orders and delivery of these products.

E-Commerce in Colombia

E-commerce development prospects are promising in Colombia, since congressional approval was given in August 1999 to Law 527, regulating electronic commerce activity. The U.S. and Colombia have signed an e-commerce agreement that sets forth the principles of open and fair e-trade. International electronic commerce will shift the balance of commercial power from the supplier to the buyer, who now has an instant choice among globally available products. On the net, competition is just a click away. People can easily find a wealth of information. Consumers and corporate buyers from all over the world increase their purchasing power and get volume discounts. The net also eliminates geographic protections for local business. Selling online draws buyers worldwide.

E-commerce has reached a stage where it is critically important to agree on international approaches in the areas of electronic signatures and authentication to avoid the emergence of discordant standards as to what constitutes a "signature" or what constitutes valid certificates in different jurisdictions. Currently there are no definite common standards, including those for end-to-end security or "certification" criteria. Guaranteed security has become a critical factor for consumers when considering shopping online. People must feel confident that their money or credit card number is in safe hands.

E-commerce will give the whole Colombian business community a new dimension. However, since no web-site is island, both internet and e-commerce providers must be able to operate in the existing and future technological and regulatory environment. Web Access Ports and multi-standard mobile solutions are some of the worldwide "state-of-the-art" technologies that will come to Colombia, launching solutions that allow mobile access to financial information and brokerage services via all types of mobile terminals. The U.S. Commercial Service in Colombia is also using the U.S. Embassy local web-site to promote commercial events.

Joint Ventures/Licensing

The opening of the economy to foreign competition in 1991 created a pressing need for acquiring higher technology not found locally. Although joint ventures and licensing agreements have been common business practices in Colombia, they have become even more important recently as businesses strive to become more competitive. Foreign investment legislation has undergone several revisions in 1996, 1998 and 1999, and more recently, to facilitate joint ventures and other forms of investment. Important revisions to Article 58 of the Colombian Constitution have been

approved by the Colombian Congress which now permits financial indemnity to both national and foreign individuals and companies that may be affected in the cases of administrative property expropriations by the Colombian government. (See Chapter VII – Investment Climate Statement– for specifics on the legislation on foreign investment in Colombia).

Establishing a Business

The most common forms of business in Colombia are corporations, limited liability partnerships, and branches or subsidiaries of foreign corporations. The establishment of each is legally intricate and the U.S. Embassy advises U.S. firms to obtain legal advice from a Colombian law or accounting firm. A list of attorneys and accountants is available from The Commercial Service of the Embassy.

1. **Local Corporation (Stock Company):** This is very similar to a U.S. corporation. Shareholders should not be fewer than five; they are liable for the corporation's debts up to the amount of their respective capital contributions. The company issues nominative share certificates which are negotiable in the stock market. At least 50 percent of authorized capital must be subscribed and at least 33 per cent paid in, at the time of incorporation.
2. **Limited Liability Partnership:** This is a limited company of from 2 to 25 partners, who are liable up to the amount of their contributions. Capital must be fully paid in at the time of incorporation and must be divided into equal quotas or value units, assignable on terms specified in the bylaws and in legislation.
3. **Branch of a Foreign Corporation:** A branch operates under the rules applicable to Colombian corporations. Its liability is limited to assigned capital. It must be registered with a Notary Public in the place of domicile. Notarized copies of its incorporation document, its bylaws, the resolution or act agreeing to the establishment of the branch, and documents evidencing its existence and legal representation must be also registered with a Notary Public.

For a foreign corporation to be registered in Colombia, prior authorization from the National Planning Department is no longer required, but the following documents must be presented to the local chamber of commerce:

- Documents of incorporation and the bylaws of the foreign corporation;
- Resolution from the board of directors of the home office which authorizes the opening of a branch in Colombia, with details of capital assigned to the branch and the initial appointment of officers and statutory auditors;
- Certificate from the chamber of commerce at the intended domicile of the branch to the effect that extracts of the documents mentioned under paragraph one above have been registered;

- Statement from the chamber of commerce that the official books have been registered and identified; and
- Certificate from the manager and the statutory auditor that the capital assigned to Colombian operations has been paid in accordance with legal requirements.

The above documents require authentication or notarization by a Colombian consulate abroad, the Ministry of Foreign Affairs, and a local chamber of commerce. If the documents are found to be in order, the Superintendence of Corporations, the Banking Superintendence, or the

Superintendence of Industry and Commerce (as the case may be) will issue the corresponding permit to initiate operations in Colombia.

All companies (including branches of foreign companies domiciled in Colombia) must register themselves and their accounting books, acts, and other required documents by law in the Mercantile Register of the chamber of commerce in the cities where they are located.

Selling Factors/Techniques

The United States traditionally has been Colombia's main trading partner with Colombia being a "natural" market for U.S. products and services. Colombia has ranked number 25 worldwide for many years among countries buying U.S. products (number 30 in 1999 due to Colombia's recession and slowdown in foreign trade). Among other factors favoring U.S. exports are: the geographic proximity of the two countries; the fact that most Colombians prefer to study in the United States; the large number of U.S. firms that operate in Colombia; and the technological leadership that the United States has maintained in many key industrial sectors. The United States continues to have the largest market share of Colombian imports – approximately 36 percent in 1999. U.S. suppliers should be aware, however, that their ability to compete in Colombia could be hampered by unfair business practices such as contraband, counterfeiting, intellectual property rights violations, under-invoicing, money laundering, and dumping.

Quality, profitability, functions, financing, and price is important in the buying decision. The after-sales service arrangement is significant, not only in the original buying decision, but also in maintaining the sales relationship. U.S. suppliers must either have their own representative with adequate operations or make sure that they secure a Colombian representative who can offer sufficient after-sales service.

Sales in Colombia depend, to a large extent, upon personal relationships. In this regard, it is advisable to have local representation that can establish the personal contacts that tend to foster confidence in a firm's ability to supply the needed parts or components. Colombians prefer to deal directly with manufacturers or through their export divisions rather than through outside

representatives, jobbers, or trading companies in order to obtain better prices, guarantees, parts, and after-sales servicing.

Regarding major projects, the earliest possible involvement by U.S. firms in Colombia's upcoming major infrastructure programs are of the utmost importance. U.S. manufacturers, construction, service and engineering companies should initiate contact as soon as possible with government entities and private firms, which have indicated plans, or even just interest, in developing projects. Once a project has gone to tender it is usually too late to be competitive if the supplier company has not already in some way become involved. As will be mentioned in the section "Selling to the Government" (below), a local agent or legal representative is required for all government contracts. Therefore, U.S. companies interested in government procurement or contracts should appoint an agent or representative as soon as possible.

Advertising and Trade Promotion

The introduction of new consumer products to the Colombian market usually requires (and justifies) a massive promotional campaign. These campaigns are frequently conducted by means of ads in all media, and printed technical and sales articles in a combination of media -- radio, TV, newspapers, periodicals, trade magazines, and now internet -- announcing sales and special promotions.

Television is one of the most effective media for advertising in Colombia, with television being one of the main forms of entertainment for Colombians. An average Colombian family in the upper middle class has two or more TV sets; even low-income families living in urban and rural areas have at least one TV set in their home. There are approximately twelve million TV sets in the country.

Some companies also are effectively using a variety of marketing gimmicks to promote consumer products, such as giving discount coupons. Credit card holders are also entitled to market promotions and discounts, as well as subscribers to some newspapers, magazines or cellular services. Promotional seasonal "sales" have also become popular in Colombia throughout the year, usually on special holidays such as Valentine's Day (which is a different day in Colombia than in the U.S.), Father's Day, Mother's Day, etc.

Media in Colombia

Colombia has about thirty important daily newspapers (the five principal dailies are in Bogota) and a large number of trade papers and magazines. There are five nation-wide television networks (three government-owned and two private), ten regional TV networks (state-owned), 440 AM and 332 FM radio stations, and twelve private local cable TV companies servicing more

than 300,000 subscribers.

Radio and TV Broadcasting

With the exception of Radiodifusora Nacional, the only station owned by the Government, radio broadcasting is dominated by the private sector (authorized foreign investment up to 25 percent for radio stations) with 440 AM (5351.705 KHz.), 332 FM (88-108 MHz.) and 564 community radio stations officially registered with the Ministry of Communications. They have an installed capacity of more than 4 million watts. Most radio broadcasting networks are making good use of the INMARSAT TCS-LITE system, better known as the "briefcase" (maletin de las noticias), since it was introduced in January 1993.

Colombian TV broadcasting facilities consist of five nationwide channels (three government-owned and two private) and ten regional. The government-owned stations are controlled by the government through INRAVISION (an associate government agency) and the regional stations by some of the largest municipalities.

The five current TV broadcasting networks are located as follows: INRAVISION in Bogota (3 nationwide stations), Canal Caracol and Canal RCN in Bogota; the regional channels TeleAntioquia and TeleMedellin in Medellin; TeleCafe in Manizales (regional in the coffee-growing area); TeleCaribe in Barranquilla (regional in the north coast); TelePacifico covering the city of Cali and the Cauca valley region; Canal Capital, City TV and TV Andina in Bogota; TeleIslas (in the Colombian San Andres Island near Nicaragua); and Television Regional del Oriente in Bucaramanga (covering the eastern region of Colombia). Another 400 community TV stations will soon operate in small municipalities and suburban neighborhoods in major Colombian cities.

Newspapers and Periodicals

(See Chapter XI: U.S. and Country Contacts - Media in Colombia - for addresses of major newspapers and periodicals, TV and radio stations).

EL TIEMPO
EL ESPECTADOR
PORTAFOLIO
LA REPUBLICA

Magazines (in alphabetical order):

CAMBIO
DINERO
SEMANA

Major Television Programmers and Broadcasters, TV News Producers, and Cable & Satellite-Paid TV Companies:

TV – Programmers (in alphabetical order):

CARACOL ESTUDIOS
CM& (PROGRAMADORA)
DATOS Y MENSAJES S.A.
JORGE BARON TELEVISION
PRODUCCIONES PUNCH S.A.
R.T.I. (RADIO TELEVISION INTERAMERICANA S.A.)

TV – Broadcasters (in alphabetical order):

CANAL A
CANAL UNO
CARACOL
RCN

TV News Producers (in alphabetical order):

NOTICIAS CARACOL
NOTICIERO CM&
NOTICIERO CNN
NOTICIERO NACIONAL
NOTICIERO R.C.N.

Cable & Satellite-Paid TV Companies (in alphabetical order):

CABLEVISION
DIRECT TV (Satellite)
SKY (Satellite)
TV CABLE BOGOTA

Pricing Products

U.S. exporters should note that consumers in Colombia usually end up paying an additional sixty to one hundred percent over the FOB price of imports. Landed price of consumer goods is

calculated by estimating ten to fifteen percent of the FOB price for freight and insurance costs, twenty percent CIF import duty, and a fifteen percent value-added tax (VAT) assessed on the CIF-duty-paid value of imports, thus reaching an additional sixty percent over the FOB price. Additional import costs for capital goods and raw materials are much less (between 35 and 55 percent) with import duties for these items ranging between zero and five percent for capital goods, and ten to fifteen percent for raw materials. Profit margins for equipment and raw materials are considerably less than for consumer goods, which may well reach forty percent. Besides import costs, the financing, inflation, and peso devaluation levels are factored into suggested retail prices. Local manufacturers usually work with a markup varying from 15 to 35 percent and wholesalers with 15 to 25 percent markup.

Supermarkets and department stores often establish profit margins of thirty to forty percent (which fluctuate if the product is supported by a good advertising campaign). Hyper-market margins may be less because of their wholesaler characteristics and because most of their promotional campaigns are addressed to institutional entities and other small retailers. Department stores and supermarkets extend concession contracts to individuals and companies by permitting counters or booths in their facilities for the promotion and sale of all kinds of consumer goods, both known and unknown labels, at discount prices in most cases. If products are not known in the market, the department stores and/or supermarkets may place them in the stores on a demonstration basis for a given period of time and will only place new orders if the products are well accepted by the public and sell relatively quickly. Suppliers to large store chains, supermarkets, and hyper-markets must provide certain guarantees on the continuity of products offered to avoid foreign surplus stock or remnants entering the Colombian market (i.e., foodstuffs, textiles, apparel, appliances, etc.). Imports of old or used clothing, closeouts, irregulars, off-season or expired merchandise is prohibited.

Sales Service/Customer Support

After-sales service and customer support is a decisive purchasing factor in Colombia. Government and private firms very often request that their potential suppliers provide testimonials regarding satisfaction of other clients with equipment and after-sales service. A common practice among Colombians is to ask friends and relatives about their experience with a given product before making a purchasing decision.

Selling to the Government

Government entities, institutes and commercial enterprises must follow the provisions of Law 80 of October 31, 1993 which regulate purchases and contracts by the government and state industrial and commercial enterprises. The Colombian government and congress are jointly studying possible changes and/or reforms to be introduced in the contracting statute this year.

Under Law 80, Colombian Government contracting agencies have to select contractors through a public competitive bidding process. There are a few exceptions to this rule, which are clearly established by Article 24 of Law 80. Some of the exceptions under which a direct contracting procedure is allowed are:

- Contracts for minor amounts -- minor amounts are expressed in multiples of the established Colombian legal minimum monthly salary (currently about US\$125). A minor amount may range from 25 minimum monthly salaries to 1,000 minimum monthly salaries, depending on the annual budget of the contracting entity. For instance: if the annual budget of the contracting entity is less than or equal to 6,000 minimum monthly salaries, it is allowed to acquire goods and services under direct contracts which do not exceed 25 minimum monthly salaries in value; if the annual budget of the contracting agency is equal to or exceeds 1,200,000 minimum monthly salaries, it may purchase goods and services under direct contracts that do not exceed 1,000 monthly salaries in value;
- Loan agreements; inter-agency administrative contracts; professional, scientific and technological services; and evident emergencies; and
- Whenever bidding is not awarded for reasons such as: lack of proposals; when the bids do not conform to the terms of reference or specs; when there is only one bidder; when products originating in or destined to agriculture or livestock breeding are offered through legally organized commodities exchanges; and in contracts executed by State (Government) entities for the rendering of health services.

Although Law 80 has given more dynamism to the government contracting system, Colombia is still not a signatory (acts as an observer) to the WTO (World Trade Organization) government procurement code and there have been frequent complaints of non-transparency in the letting of major government contracts.

As a general rule, all individuals and legal entities that wish to execute contracts with state entities have to register with the chamber of commerce in their jurisdiction in order to be qualified, classified, and rated in accordance with the provisions of Law 80. Foreign individuals not domiciled in Colombia or foreign private legal entities without a branch in Colombia that are interested in government contracts must provide a copy of their registration at the corresponding registry in their country of origin. They should also submit documents proving their existence and incumbency, whatever is the case. In addition, they must appoint an agent or legal representative, domiciled in Colombia, duly empowered to bid and execute the contracts as well as to represent the foreign enterprise in and out of court.

Under Law 80, Colombian bidders get preferential treatment. Given equal contracting conditions, the offer of goods and services of domestic origin is preferred. The current administration has strongly recommended those all-official entities, and government

decentralized industrial and commercial organizations “buy Colombian”. Under similar conditions, all the Colombian government acquisitions must give preference to Colombian products and services whenever Colombian competitive prices and quality versus “foreign” are found; same procedures should follow in connection with concession and association contracts signed with Colombian government entities. When foreign firms bid under equal conditions, the contract is awarded to the one that incorporates a greater number of domestic workers in the workforce, more domestic content, and better conditions for technology transfer.

Certificate of Reciprocity

The Colombian Government procurement statute seeks to establish simple procedures based on the principles of transparency and objective selection. It provides equal treatment to foreign companies on a reciprocal basis and eliminates the twenty-percent surcharge previously added to foreign bids. Although liberal, the procurement statute impedes complete access by imposing a requirement for certifying reciprocity. The principle of reciprocity embodied in Law 80 ensures national treatment under the same conditions for Colombian bidders in other countries. The U.S. Government is unable to provide such a certificate, as each of the fifty U.S. states acts as a separate commercial jurisdiction. In the meantime, the Department of State provides a certificate that U.S. companies may offer in lieu of a statement certifying reciprocity. Certificates can be obtained from the Political/Economic section of the U.S. Embassy in Bogota. Companies requiring this document should be prepared to provide the following information: their company name, tender name, tender number, name of the Colombian entity letting the tender and the general purpose of the tender.

Protecting your Product from IPR Infringement

See Chapter VII: Investment Climate Statement - Protection of Property Rights - for a detailed discussion of these issues.

Need for a Local Attorney

U.S. companies bidding on major government, or even private sector, projects/procurement and those entering into joint venture and/or other long-term contractual arrangements should seek professional legal advice. Also, companies who are concerned about the protection of

intellectual property such as trademarks, copyrights and patents should also seek legal counsel to ensure that their property is protected as much as possible before entering the Colombian market.

There are a large number of good Colombian law firms who specialize in various aspects of commercial law. A number of the major U.S. firms who operate internationally have affiliate arrangements in Colombia. The Commercial Service of the U.S. Embassy in Bogota can provide a list of attorneys upon request.

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENTS

A. Best Prospects for Non-Agricultural Goods and Services

Industrial Chemicals (ICH)
 Telecommunications Services (TES)
 Travel and Tourism (TRA)
 Financial Services (FSN)
 Oil and Gas Machinery and Services (OGM/OGS)
 Automotive Parts and Accessories (APS)
 Air Cargo Services (AVS)
 Telecommunications Equipment (TEL)
 Plastic Materials and Resins (PMR)
 Electrical Power System (ELP)
 Management Consulting Services (MCS)
 Pollution Control Equipment (POL)
 Construction and Mining Equipment (CON/MIN)
 Medical Equipment (MED)
 Apparel (APP)

1. INDUSTRIAL CHEMICALS (ICH)

The current market for industrial chemicals in Colombia is estimated at US \$6.1 billion, with an import total of US \$2.0 billion. Industrial investment will enhance future prospects in this sector as economic, financial and trade indicators improve. Colombia's ability to compete worldwide will depend on its ability to modernize and automate its industrial infrastructure. Increased industrial investments are required in the food and beverage, pulp and paper, chemical and the majority of processing industries, in addition to the energy, oil and gas, coal, water supply, and water and wastes treatment sectors, and the application of environmental technologies in order to expect increased sales of industrial chemicals.

The chemical sector is one of the largest and most complex industry sectors in Colombia, accounting for approximately 9.0 percent of employment in industry. It also represents 7.0 percent of all firms and 14.0 percent of gross manufacturing production. The market depends extensively on foreign imported raw materials.

The Colombian market demand for basic chemicals for all industries, especially active ingredients for the pharmaceutical, cosmetics, food and beverage processing industries, should increase slightly by the end of year 2000 even after the recent peso devaluation. Imports of chemical products may increase at an estimated average annual rate of three percent during the

next three years.

There are approximately 563 local and multinational chemical manufacturers in Colombia of which 174 produce basic industrial chemicals. Most local producers of petrochemicals and agricultural chemicals are multinationals, chiefly from the U.S., with known traditional market brands.

Best sales prospects include white mineral oils, alcohols, phenols, o-acetylsalicylic acid, its salts and esters, amino-acids, vegetable and synthetic tanning and coloring substances, essential oils, flavorings, fragrances or odoriferous (raw materials) substances, base chemical products for cosmetics, soaps, detergents and cleaning, sodium bicarbonate, phosphates, chlorides, iodine, camphor, and surface-active agents (tensoactives).

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	6,653.3	6,327.3	6,088.8
B. Total Local Production	5,161.1	5,238.9	5,280.9
C. Total Exports	825.7	911.8	993.9
D. Total Imports	2,317.9	2,000.2	1,801.8
E. Imports from the U.S.	818.5	722.6	684.7
F. Exchange Rate (year end)	1,523.64	1,889.20	2,342.60

The above statistics are unofficial estimates.

2. TELECOMMUNICATIONS SERVICES (TES)

Internet and wireless are the two most important innovations in communications services in Colombia, as the mobility of wireless fuses with the Internet's open access to information. In five years, there will be more wireless Internet access devices wireless than wired in Colombia. But whether wired or wireless, digital connectivity is mandatory. Most people still don't have on-ramps to the information superhighway--the number one requirement for digital connectivity.

Colombia's current administration firmly believes that by offering interactive and multimedia content, information technologies will contribute to national development. In the development of telecommunication services government must be a partner that cooperates by making public policy that opens closed markets and prevents monopolies. The creation of level playing fields is required, even if public financial support is needed to extend service. Personal Communications Services (PCS) is scheduled to be licensed in Colombia during the second half of 2001.

In response to this challenge, the Colombian Government, led by the Ministry of Communications has prepared a development project, the Connectivity Agenda: The Leap to

Internet, which constitutes a set of actions and strategies that encourage the country to engage in the appropriation and massive use of information technology.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	4,500.0	5,400.0	6,300.0
Locally Owned Establishments	3,200.0	4,000.0	4,100.0
C. Cross Border Exports*	1,100.0	1,100.0	1,200.0
D. Cross Border Imports**	2,400.0	3,000.0	3,600.0
E. Imports from the U.S.	1,600.0	2,000.0	2,500.0
F. Exchange Rate (year-end)	1,542.1	1,873.8	2,142.0

The above statistics are unofficial estimates.

* These are sometimes considered as "Foreign Sales by Local Establishments: and/or "Sales by U.S.-located Establishments".

** These are sometimes considered as "Sales by Foreign-owned Establishments".

3. TRAVEL AND TOURISM SERVICES (TRA)

In 1999 Colombia contributed with approximately 573,000 passengers to the United States (42 percent of total passengers travelling abroad), and spent an estimated US \$602 million excluding airfares. Colombia ranks fourth among the Latin American countries generating visitors to the United States, after Argentina, Brazil and Venezuela. In 2000, travel to the U.S. is expected to increase by three percent, representing approximately US \$650 million in revenues, excluding airfares.

The main gate way for Colombians is Miami, Florida (68 percent); followed by New York City (23 percent); Houston, Texas (6 percent); and others (3 percent). Although pleasure travelers still constitute a significant figure (sixty percent), business travelers are starting to account for a major portion (fifty percent, followed by visit to friends and relatives (thirty percent) and education (three percent). The average expenditure of a Colombian traveler is US \$150 per person/day (excluding airfare) and the visitor stays for at least seven nights.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market	1,436.6	1,433.3	1,441.9
B. Expenditures of Colombian			

	travelers in USA	589.0	602.0	620.0
C.	Expenditures of Colombian travelers in third countries	47.6	831.3	821.9
D.	Exchange Rate (year end)	1,542.1	1,873.8	2,142.0

The above statistics are unofficial estimates.

4. FINANCIAL SERVICES (FSN)

The internationalization of the Colombian economy in the early 1990's not only benefited the commercial sector, but made itself felt in the financial sector as well. Law 45 of 1990 introduced a universal banking framework, allowing financial intermediaries to provide new services through affiliates, (particularly leasing, brokerage and fiduciary) and made easier the transformation, merger, and acquisition of financial intermediaries. A key element in these changes has been the opening of the banking system to foreign ownership, previously restricted to a maximum of 49 percent. U.S. banks now receive full national treatment. Privatization of several of the banks nationalized by the Government during the 1980's is almost complete.

The formal financial system of Colombia may be grouped into the following major categories: 29 commercial banks and the Colombian Export Promotion Bank (BANCOLDEX), plus three specialized governmental institutions and 35 representative offices of foreign banks; twenty development banks, including seven government institutions; six savings and loan corporations (CAVs); 43 commercial finance companies, including 32 former leasing companies being converted into finance companies; 41 trust companies or "fiduciarias"; the securities market with three stock exchanges (Bogota, Medellin and Cali); eleven bonded warehouses; the insurance sector, comprised of 28 insurance companies (two governmental); sixteen pension and investment funds; other financial service companies (such as credit unions, factoring companies, 24 livestock financing funds and four credit card companies).

There are opportunities for services and products, and strategic partnerships for U.S. companies in the financial sector as the financial system consolidates and merges to prepare for the new global environment and technology. The expertise needed by the anchor banks relating to information technology includes:

- Solutions/hardware for merging the operations of banking institutions.
- Electronic banking to support new products.
- E-banking solutions & hardware.
- M-banking solutions & hardware.
- Security, risk management solutions & hardware.

Data Table (in millions of US dollars)

		1998	1999	2000
A.	Total Assets*	51.600	62.000	74.300
B.	Loan Portfolio*	34.800	43.400	50.500
C.	Equity*	10.400	12.100	13.000
D.	Liabilities*	2.400	3.000	3.600
E.	Profit After Taxes* -	3.200 -	10.200	-8.000

The above statistics are unofficial estimates.

* Estimated for the major groups (Banks, Development Banks, CAVs, Commercial Finance Companies, and Trust Companies)

5. OIL AND GAS MACHINERY AND SERVICES (OGM/OGS)

Colombia has eighteen sedimentary basins covering over 1,036,400 sq. kilometers. Seven of these basins have commercial production. The total area under actual exploration and production is estimated at 200,000 square kilometers. This means that about 91 percent of the sedimentary area of the country is still available for contracting. The Colombian Petroleum Corporation (Empresa Colombiana de Petroleo - ECOPETROL) has warned that the country could become an oil importer by year 2005 if new deposits are not discovered soon.

There have been a number of reasons for the lack of progress in oil/gas exploration: poor infrastructure in Colombia's oil regions; a low rate of return for foreign investors; high economic risk (most fields found in Colombia have been small with high exploration and development costs); bureaucratic inertia; labor disputes; and, security threats.

The Colombian Ministry of Mines and Energy has been adding new incentives to attract the needed investment and is creating a very comprehensive data bank that interested firms can consult to determine areas where they could conduct exploration activities. Regulatory modifications introduced include reduction of royalty payments from a flat twenty percent of total production to a percentage that varies according to the volume of production and international oil/gas prices. Other changes aim at reducing the Government's current fifty percent participation in the profits after deducting royalties and costs. This participation now fluctuates according to the size of the reserves discovered.

By the end of 1999 there were 45 foreign firms that have signed 98 association contracts with the Colombian Petroleum Enterprise (ECOPETROL). It is expected that oil/gas exploration would really boom if security conditions improve.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	836.7	753.0	91.7
B. Total Local Production	50.0	45.0	48.0
C. Total Exports	3.3	3.0	3.3
D. Total Imports	790.0	711.0	747.0
E. Imports from the U.S	434.5	391.0	414.0
F. Exchange Rate (year end)	1,542.1	1,927.6	2,142.0

The above statistics are unofficial estimates.

6. AUTOMOTIVE PARTS AND ACCESSORIES (APS)

Cars: The automotive sector in Colombia is beginning to reactivate as economic recovery strengthens after the recent recession. For many years the Colombian automotive industry was among the most solid and dynamic industry sectors in terms of investment, production and employment generation despite decreased production and sales in the last two years. Automotive vehicle sales reached 179,118 units in 1994, but had declined to 67,366 units in 1999 of which 24,489 cars were imported.

Demand for automotive parts and accessories from the three local manufacturing plants (GM, Mazda, and Renault) are showing signs of recovery in 2000. As a result of the Automotive Complementary Agreement signed by Colombia, Venezuela and Ecuador establishing a minimum tariff for most imports of automotive products coming from the three countries, local car makers have ambitious plans for capturing the market by increasing the variety of models produced in-country and for exports to Venezuela and Ecuador. Imports of automotive parts and accessories and maintenance equipment are expected to grow as a result of the large numbers of vehicles imported and produced during the last five years, which are beginning to demand replacement parts and maintenance.

Buses: The Colombian transportation officials have suggested that about 80,000 old public transport buses need to be replaced in a short period of time, which could mean about \$1.4 billion in investment. An immediate replacement program is deemed necessary for at least 3,000 buses, which could cost approximately \$50 million. Another project, "Transmilenio", a bus mass transportation system for the city of Bogota, will be inaugurated in the third quarter of 2000 and calls for the initial purchase of 3,000 new buses. The consortium that was awarded the contract will be buying parts and accessories for the manufacturing and maintaining of these buses. Ford has just invested \$7 million for the production of pickups. Three new automotive assemblers are being considered for the production of buses, motorcycles and jeep-type vehicles.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	1,241.0	863.1	964.9
B. Total Local Production	364.7	320.9	346.5
C. Total Exports	102.1	240.6	242.6
D. Total Imports	978.4	782.8	861.0
E. Imports from the U.S.	362.0	273.9	301.3
F. Exchange Rate (year end)	1,542.1	1,873.8	2,142.0

7. AIR CARGO SERVICES (AVS)

During the 1990s, Colombia offered a good market for firms providing international air cargo transportation. The growth of this sector was closely related to the dynamism in the foreign trade sector. Total international air cargo to and from Colombia increased from 274,000 tons in 1990 to 469,000 tons in 1997.

During the bilateral discussions between Colombian and U.S. civil aviation authorities it was agreed that the sector could accept more open competition. In March 2000, an Open Skies Agreement was signed that allows any airline designated by the U.S. and Colombian governments to operate cargo services between any point or points in the United States or Colombia in both directions and beyond to other countries.

In recent years the recession caused industrial decline, which is reflected in a general decrease of foreign trade figures. This impelled a significant decrease in air cargo movement--from 469,000 tons in 1998 to 390,000 tons in 1999.

The economy is recovering in 2000 with three percent GDP growth expected. International prices for coffee and oil (the main Colombian export products) are at a good level. The Colombian manufacturing industry grew at rate of over ten percent during the second quarter of 2000. Foreign trade has started to recover and international air cargo movement is expected to show a moderate recovery (three percent) by the end of 2000.

The United States is Colombia's most important foreign trade partner, with the U.S. having a 36 percent share of total Colombian imports, while the United States takes 42 percent of total Colombian exports. The expected recovery of the Colombia economy will certainly generate an increased market for U.S. suppliers of goods and services to the air cargo industry.

Data Table (in thousand tons)

1998	1999	2000
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A.	Total Market Size	566.6	524.2	549.2
B.	Local Cargo	118.9	134.2	147.6
C.	Outgoing International Cargo	239.3	242.8	250.0
D.	Incoming International Cargo	208.4	147.2	151.6
E.	Incoming Cargo from the U.S.	136.6	90.2	93.0
F.	Outgoing Cargo to the U.S.	175.8	171.7	178.5
G.	Exchange Rate (year end)	1,542.1	1,873.8	2,142.0

The above statistics are unofficial estimates.

8. TELECOMMUNICATIONS EQUIPMENT (TEL)

The telecommunications market in Colombia was liberalized relatively early, compared to others markets in the region. The sector has continued to grow despite the recession. The market for telecommunications equipment in Colombia amounted to approximately \$550 million in 1999. The entire market for equipment and services was about \$4.3 billion. U.S. firms exported \$321.5 million worth of telecommunications equipment to Colombia in 1999. The Government of Colombia (GOC) passed Law 555 authorizing Personal Communications Services (PCS) licenses, which will proceed in 2001. In addition, the GOC has committed itself to an ambitious plan to attract \$100 billion in investment for the telecommunications sector over the 1997-2007 time period in an effort to expand and modernize Colombia's telecommunications infrastructure and is in the early stages of implementing a development plan named the "Connectivity Agenda".

The long-delayed sale of ETB (authorized by Agreement No. 21 of the Bogotá City Council for its conversion into a public company) was announced in June 2000. The sale to a foreign player has pushed the operators to consolidate around the four larger telecommunications companies (ETB, EPM, the TRANSTEL group, and Telecom). Telecom Colombia recently purchased a 56 percent stake in Empresas Publicas de Bucaramanga (EPB) for US \$61.5 million.

Colombia has about 8.0 million lines for a teledensity of 18 lines per 100 inhabitants, a relatively high teledensity for South America. The majority of these lines are located in the country's largest cities. The Telecom Colombia group operates 2.6 million lines, or 35 percent of the total installed lines. The company operates a 3,200-km fiber-optic network, completed in 1997, connecting the country's 23 largest cities. ETB operates 2.1 million lines, almost 30 percent. Seventy percent of Colombia's network is serviced by digital equipment. The network should be fully digital in 2005.

As of March of 2000, there were almost 2 million cellular subscribers in Colombia. In May/June of 2000, Bell South paid US \$295 million to acquire 31 percent of Celumovil's equity and US \$200 million for a portion of COCELCO's equity. The cellular sector continues to grow, primarily due to calling-party-pays and prepaid programs, albeit at a slower pace than in other markets in the region.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	606.0	556.0	556.0
Total Local Production	12.5	13.0	13.0
Total Exports	6.5	7.0	7.0
Total Imports	600.0	550.0	550.0
E. Imports from the U.S.	264.0	231.0	250.0
F. Exchange Rate (year-end)	1,542.1	1,873.8	2,142.0

The above statistics are unofficial estimates.

9. PLASTIC MATERIALS AND RESINS (PMR)

The Colombian plastics processing industry grew rapidly during the last decade with an average annual growth of seven to eight percent until 1997 when the recession hit. The market for plastics materials and resins also experienced a slow down related to the recession. It was valued at US \$584.9 million in 1998 decreasing by 21 percent to US \$528.2 million in 1999.

Nevertheless, industrialists expect real growth in the plastics sector to average between three to five percent annually during the 2001-2002 period.

Local demand for plastic materials and resins is estimated at 533,000 tons per year, assuming an apparent consumption of fourteen kilos of plastic products per capita. The bottling and packaging industries serving the food processing, health, cosmetics, industrial products, and lubricating products markets are the major clients for plastics materials and resins. They use approximately fifty percent of the total imported and locally manufactured plastics materials and resins. Extrusion has the largest demand accounting for 64 percent of the market. Injection accounts for 16.5 percent; blowing 9.5 percent; with calendering, thermoforming, and molding accounting for ten percent.

Despite active production estimated at US \$353.8 million in 1998 and US \$350.8 in 1999, plastic materials and resins imports account for approximately 69 percent of the total market, with the U.S. market share averaging 55.71 percent for the 1998-1999 period. There is a small amount of competition from Venezuela, Germany, Korean Republic and Mexico. Propylene, styrene, polyethylene of 0.94 gravity or more, polyethylene of less than 0.94, linear low-density, polypropylene, polyvinyl chloride, and polyesters are the best prospects for imports into Colombia.

U.S. plastic materials and resins imported to Colombia valued US \$193.4 million in 1999, down sixteen percent from 1998 because of the Colombian recession. However, Colombia is still a large export market for U.S. plastic materials and resins. The outlook of the plastics sector will

undoubtedly improve within the next two years and should maintain a steady growth of 4.0 percent in real terms as the Colombian economy and local demand for plastic products grow.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	584.9	528.2	551.1
B. Total Local Production	353.8	350.8	361.3
C. Total Exports	176.9	175.4	180.6
D. Total Imports	408.0	352.8	370.4
E. Imports from the U.S.	230.9	193.4	203.0
F. Exchange Rate (year end)	1,542.1	1,873.8	2,142.0

10. ELECTRICAL POWER SYSTEMS (ELP)

Until 1995, Colombian central, state, or city government entities owned one hundred percent of the electric power generation firms. This situation changed in only four years and private firms (including some important U.S. companies) currently account for over 58 percent of Colombia's electric power generation capacity. U.S. companies have acquired a good percentage of the Colombian electric power generation and distribution assets, and have shown interest in bidding for other important assets still to be privatized.

According to official projections, Colombia needs to add 6,200 MW to its total electric power generation installed capacity during the period 2001-2010 to meet the demand for electricity that is expected to average 5.9 percent annual growth during this period.

Due to the social and economic difficulties that Colombia has been experiencing, electric power demand has decreased significantly. No new electric power generation project will be initiated during the rest of 2000. The industry will concentrate its efforts in completing the few projects already underway. However, signs of regaining strength in the economy and rising demand for energy is expected to provide excellent future prospects in Colombia for U.S. exporters of electrical power systems, provided the security situation is stabilized.

In the meantime, the most important business opportunities in the Colombian electric power sector are those offered by the privatization of the firms ISA, ISAGEN, and a group of fourteen electrical distribution firms that the government saved from bankruptcy through direct investment.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	556.0	407.0	441.0
B. Total Local Production	272.0	245.0	257.0
C. Total Exports	38.0	30.0	33.0
D. Total Imports	322.0	194.0	217.0
E. Imports from the U.S.	100.0	82.0	92.0
F. Exchange Rate(year end)	1,542.0	1,873.8	2,142.0

The above statistics are unofficial estimates.

11. MANAGEMENT CONSULTING SERVICES (MCS)

Colombia's difficult economic situation and the worldwide globalization trend are forcing local businesses to adopt advanced management systems that will enable companies to be competitive in local and international markets with growing levels of sophistication. With the exception of very large companies and some of the powerful economic groups, a significant percentage of the Colombian companies require experienced guidance to overcome the risks, problems, and challenges represented by the change from traditional management policies to new and successful models.

The transition will bring good business opportunities for U.S. management consulting firms interested in the Colombian market. Opportunities are for transactional management consulting including processes re-engineering and technological advancement, but specially for transformation management consulting targeting organizational development, cultural aspects involved in modernization and merging processes, leadership for high performance, team work, and customer services improvement.

U.S. companies can enter the market by opening local subsidiaries, by association with a Colombian company, finding a representative, or through franchising contracts.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	350.0	389.0	458.0
B. Domestic Production	209.5	205.0	223.0
C. Exports	90.0	103.0	110.0
D. Imports	230.5	287.0	345.0
E. Imports from the U.S.	78.3	99.1	118.0
F. Exchange Rate (year end)	1,542.1	1,873.8	2,142.0

The above statistics are unofficial estimates.

12. POLLUTION CONTROL EQUIPMENT (POL)

Public and private sector environmental investments dried up during Colombia's largest recession in over seventy years. The Ministry of the Environment, in its ten year financial strategy for environmental investments, estimates that the country's total environmental investment needs range around US \$34 billion during the next decade. Several Colombian environmental agencies have continued to implement wastewater pollution projects, and some of them have developed regional funds to finance wastewater treatment plants. Regulations regarding solid and hazardous wastes are still being developed.

Future public sector funds are anticipated to come from transfers from the electric power sector and receipt of royalties, taxes, and other contributions from the so-called "green markets". New financing arrangements for the private sector include new credit and tax incentives like sales and income tax exemptions for environmentally sound technologies, new economic instruments and pollution charges, carbon dioxide sequestration options and other stock market alternatives.

Best prospects include water and wastewater treatment plants, water pollution monitoring and control equipment, solid waste hauling and disposal equipment, air pollution monitoring and control equipment, and environmental services (consulting). The operation and management of municipal services such as potable water and solid waste collection, hauling and disposal has good market potential for private firms.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	134.0	126.5	117.7
B. Total Local Production	3.0	1.5	1.0
C. Total Exports	1.1	.5	.3
D. Total Imports	132.1	125.5	117.0
E. Imports from the U.S.	88.8	85.0	76.0
Exchange Rate (year end)	1,542.0	1,873.8	2,142.0

The above statistics are unofficial estimates.

13. CONSTRUCTION AND MINING EQUIPMENT (CON/MIN)

Highway Construction: The recent economic recess has affected all economic sectors, including the construction and mining industries. Colombia's road network is deteriorated, suffers from

lack of maintenance, and has insufficient geographic coverage. More than eighty percent of the country's cargo is being transported by roads (more than eighty million tons per year), and since only 37 percent of the paved highways are considered in good condition, major new investment in this area is needed. The Ministry of Foreign Trade considers that this transportation infrastructure situation caused losses in excess of over US \$145 million in 1998, more than three percent of the nation's non-traditional exports, due to excessive transportation tariffs.

The Colombian Ministry of Transportation and the National Highway Institute have opened new highway concession projects with which the government expects to increase investments in highway construction and upgrades during the coming years. The new projects call for construction, rehabilitation and maintenance of 6,478 km of roads. Since 1994, highway concession projects totaled 4,492 km. Additional investments also involve state and city road networks, railroads, and ports (sea and fluvial). For the road construction market, earth-moving, road rehabilitation and maintenance equipment offers the most potential. Although there is a large equipment base already in country, new equipment will be needed.

Mining Operations: The Government recently presented the new national mining code and a new mining investment plan which is expected to be approved by Congress before the end of the year. Industry sources believe that this could lead to a quick develop of mining projects given the government's National Development Plan aim to double exports in the next few years. Mining products (mainly coal) are the best positioned to reach this objective quickly.

The majority of Colombian mine operations are open-pit, although there are some minor underground mining operations. The largest Colombian mining operations involve U.S. participation (Cerrejon and La Loma) and plan to expand production for 2001 to thirty million tons per year, and other coal mines expanding capacities to more than three million tons in 2001. Best prospects for mining equipment include shovels, excavators, front loaders and related equipment and parts.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	200.8	161.4	138.1
B. Total Local Production	10.0	9.0	7.0
C. Total Exports	2.0	1.8	1.0
D. Total Imports	192.8	155.4	132.1
E. Imports from the U.S.	114.5	77.9	70.0
F. Exchange Rate (year end)	1,542.0	1,873.8	2,142.0

The above statistics are unofficial estimates.

14. MEDICAL EQUIPMENT (MED)

During the past half decade, Colombia has taken important steps forward with health care system reform. The two major characteristics of the reform were the establishment of health management organizations, named Empresas Promotoras de Salud (EPSs) and the authorization for the private sector to participate as provider of social security health care, retirement, and professional risk insurance services.

In January 2000, for the first time since they were created, a significant group of private EPSs has reached the point of profitability. The recent recession that hit EPSs when they were still positioning themselves in a recently opened market had caused critical liquidity problems that have begun to recede, improving the payment terms to the IPSs (health care providers). These changes improve the acquisition power of both EPSs and IPSs for investment in medical technology, equipment, accessories, and supplies.

By Ministry of Health's Resolution 312 dated February 25, 2000, effective July 1, 2000, the government established technical standards for the basic protection of individuals' health, such as family planning and preventive dental, pregnancy, and neonatal care. The Resolution also mandates procedures for early detection of illnesses that are considered priorities for the government, such as child growth and development, uterus and breast cancer, and vision problems.

As a result of the new regulations, and considering that early detection and treatment of ailments diminishes the rate of occurrence of more serious and costly diseases, the short-term projects of private EPSs call mainly for expansion and improvement of first level health care centers that provide preventive and basic medical and dental consultation, early diagnosis and treatment; clinical laboratory, and X-Ray services. The improvement process of the financial status of Hospitals and other health care services providers is expected to follow EPSs recuperation, by the end of 2001. At that time, larger investments in technology and equipment will be financially feasible.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	163.4	118.5	138.5
B. Domestic Production	31.0	30.7	32.0
C. Exports	12.1	12.8	13.5
D. Imports	144.5	100.6	120.0
E. Imports from the U.S.	60.1	38.8	45.5
F. Exchange Rate (year end)	1,542.1	1,873.8	2,142.0

The above statistics are unofficial estimates.

15. APPAREL (APP)

Textiles and apparel are complex industry sectors in Colombia because of the expectations about the creation of employment and exports of finished products, particularly to the U.S. The Colombian production of apparel and made-ups is done by fairly unsophisticated, labor-intensive small businesses. Apparel accounts for approximately ten percent of employment in industry; eleven percent of all firms; and, three percent of gross manufacturing production. The textile and garment industries operate with some degree of self-sufficiency, but rely heavily on imports of technology, machinery, non-cotton fibers and fabrics, raw materials for synthetic fibers and fabrics, and novelty items (buttons, hardware, accessories).

Colombian consumers show a high preference for U.S. marks and labels, fashion, styles, designs, prints and quality. The total import market for apparel in Colombia in 2000 is expected to reach US \$63 million (52% knit apparel and 48% not-knit apparel). The United States is a major supplier of apparel to Colombia and is expected to maintain its 58-60 percent share (approximately US \$38 million) of the Colombian import market in 2000. Illegal or contraband apparel imports account for approximately thirty percent of officially recorded legal imports, which results in an even higher actual import volume from the U.S. (about US \$50 million). U.S. exporters should note that consumers in Colombia usually end up paying an additional sixty to one hundred percent over the FOB price of imports including freight and insurance costs, duties and taxes.

Best prospects within the apparel industry are men's, boys', women's and girls' clothing, including suits/ensembles; shirts and blouses; T-shirts, tank tops; trousers and shorts; and women's and girls' lingerie including pantyhose, tights, stockings, hosiery, brassieres, panties, and swimwear. Colombian garment manufacturers are receptive to U.S. technology, raw materials, buttons, novelty items, and hardware (metal accessories for clothing).

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	542.9	532.4	522.0
B. Total Local Production	895.2	886.3	877.2
C. Total Exports	426.9	422.5	418.3
D. Total Imports	74.6	68.6	63.1
E. Imports from the U.S.	44.2	41.2	38.3
F. Exchange Rate (year end)	1,523.6	1,889.2	2,342.6

The above statistics are unofficial estimates.

Best Prospects for Agricultural Products

B. Best Prospects for Agricultural Products

PROCESSED FOOD

Demand in Colombia for processed foods and other high value food products has grown steadily during the past ten years (1991-2000). Specific products showing an upward increase in sales during this period were fresh/frozen whole chicken and turkey, poultry and beef offal, fresh/frozen pork, mechanically deboned chicken meat, cheese, hatching and table eggs, fresh fruits, breakfast cereals, beer, and assorted snack foods. In 1999 a slowdown in food imports occurred due to the generalized deterioration in the economy, but the outlook is promising for processed food imports.

Historically, Chile is the principal supplier of imported fresh fruits to Colombia. Foreign competition in good-quality wine primarily comes from Chile, Argentina, Peru, and European countries. Marketing efforts have been made lately to introduce good Californian wines into the Colombian market. Several Latin American countries receive preferential duty rates, because they are members of the Latin American Integration Association (LAIA), known in Spanish as ALADI. LAIA is formed by 11 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela). Also, the Andean Community (Bolivia, Colombia, Ecuador, Peru, and Venezuela) receives preferential duties.

Although production of domestic processed foods is growing, imports play an increasingly important role in meeting consumer demand for these products. The Colombian market for processed foods and other high-value food products is growing, as a result of the urbanization process, but the economic slowdown has adversely affected the demand in the last three years. The United States is the principal foreign supplier of consumer-oriented food products to Colombia. U.S. food products are highly regarded in the Colombian market for their quality and value.

Data Table (in millions of US dollars)

	1998	1999	2000
A. Total Market Size	3,842	3,049	3,155
B. Total Local Production	3,951	3,189	3,287
C. Total Exports	945	801	822
D. Total Imports	836	661	690

E. Imports from the U.S.	257	207	214
Exchange Rate (end year)	1,523.6	1,889.2	2,342.6

The above statistics are unofficial estimates.

COTTON*

Colombia, traditionally a net exporter of cotton, has become a net importer as a result of declines in domestic production. Colombia began to import significant quantities of cotton in 1991/92, and its import dependence has grown rapidly. Imported cotton is estimated to account for 55-60 percent of total domestic cotton textile manufacturers consumption in 1998/2000. Over the next three to five years, cotton imports are projected to grow at an annual rate of about five percent. Almost all cotton imports are of the medium staple type. The Colombian textile industry continues to petition the GOC to obtain approval from the Andean Community for the elimination of the current ten percent import duty for cotton, however, this is unlikely to be approved because of the stringent fiscal situation in Colombia.

The United States is the dominant supplier of cotton to Colombia with about a sixty percent market share of imports. U.S. cotton exports to Colombia increased from \$17 million in 1991/92 to a peak of \$49 million in 1997, returning to initial level of \$18 million in 1999. U.S. cotton sales in this market benefit from USDA's GSM Credit Guarantee and Suppliers Credit Guarantee Programs. However, U.S. cotton suppliers are concerned they will lose market share if Colombia negotiates successfully to enter Mercosur, because this will likely increase the competitiveness of Argentine and Paraguayan cotton. However, this is very unlikely to occur in the near or even medium term. Cotton imports from Andean Community countries and from Chile (due to a bilateral trade agreement) are allowed to enter duty free, but cotton imports from these countries are small.

Data Table (metric tons)

	1998	1999	2000
A. Total Market Size	74	63	68
B. Total Local Production	38	24	30
C. Total Exports	2	2	2
D. Total Imports	38	40	40
E. Imports from the U.S.	22	24	24

The above statistics are unofficial estimates.

*Cotton marketing year is August/July.

WHEAT*

Wheat imports are expected to continue growing during the next three to five years, as Colombian wheat production declines and domestic consumption of bread and other wheat

products expands. The U.S. share of the Colombian wheat import market has been improving in recent years, and it is estimated at about 75 percent in 2000/01. Lower freight rates and the ability to supply different types and qualities of wheat in various sized shipments on a year-round basis gives the United States a competitive advantage over Canada, which is the largest U.S. competitor in the Colombian market. Installation of cleaning facilities in the Gulf ports will also increase U.S. wheat competitiveness in the Colombian market. Wheat imports are subject to an Andean Community price band, which results in a variable surcharge which for the first half of June, 2000 would be 38 percent. However, the lobbying made by the Colombian wheat milling industry in the Andean Community resulted in the capping of wheat import duties at 35 percent since September 1999.

Data Table (metric tons)

	1998	1999	2000
A. Total Market Size	1,135	1,154	1,174
B. Total Local Production	25	24	23
C. Total Exports	0	0	0
D. Total Imports	1,110	1,130	1,150
E. Imports from the U.S.	453	790	860

The above statistics are unofficial estimates.

*Wheat Marketing Year is July/June.

CORN*

U.S. corn exports benefit from rapidly expanding demand for poultry feed. During the 1993-2000 period, Colombian poultry meat and egg production increased at an average annual rate of 6 and 45 percent, respectively. The increasing demand for feed corn can only be satisfied by imports, since most domestically produced corn is used for human consumption. The United States supplies nearly 80 percent of Colombia's imports. The rest originates in Argentina, South Africa, and the neighboring countries of Venezuela and Ecuador. Corn imports are subject to an Andean Community price band, which results in a variable surcharge; the current (June 1-15, 2000) surcharge and duty for yellow corn total 56 percent. However, the GOC issued a decree establishing a cap of 44 percent in January 2000 for feed corn, which has prevailed during the previous months.

Periodically, Colombia also imports white corn for the flour industry. Although the Colombian corn flour industry prefers hard flint corn, high prices for this type of corn increase the demand for less expensive white corn. In 1999, Colombia imported white corn from the United States, because Mexican white corn was expensive.

Data Table (metric tons)

		1998	1999	2000
A.	Total Market Size	2,967	3,040	3,130
B.	Total Local Production	963	990	1,030
C.	Total Exports	0	0	0
D.	Total Imports	2,004	2,050	2,100
E.	Imports from the U.S	1,500	1,500	1,500

The above statistics are unofficial estimates

*Corn Marketing Year is October/September.

SOYBEAN MEAL*

As of January 1999, the Colombian government decided to extend the value added tax (VAT) to most feed ingredients; a 16 percent VAT is assessed on soybean meal but not on soybeans. As a result of the VAT charge, soybean meal imports are projected to decline about 15 percent annually during the next three years. The United States supplies over half of the soybean meal imported. The major competitors are Bolivia and Venezuela, with a share of about 20 percent each. Both Bolivian and Venezuelan soybean meal receives duty free treatment under the Andean Community Agreement. In an important development, on December 24, 1999, the Colombian government reduced the effective import duties for soybeans meal from countries outside the Andean community from 78 percent to a 40 percent.

Data Table (metric tons)

		1998	1999	2000
A.	Total Market Size	621	556	536
B.	Total Local Production	156	156	156
C.	Total Exports	0	0	0
D.	Total Imports	465	400	380
E.	Imports from the U.S.	340	350	360

The above statistics are unofficial estimates.

*Soybean Meal Marketing Year is October/September.

SOYBEANS*

While soybean meal imports are expected to fall, soybean imports are estimated to grow by 3 percent in 2000. Again, this is the result of the VAT imposed on soybean meal but not on soybeans. However, soybean imports are forecast to grow at a more modest 4 percent annually for the subsequent three to four years. Currently, the United States holds a 65 percent share of the Colombian soybean imports, followed by Bolivia whose pricing system resembles the one

used by the Canadian Wheat Board. In addition, there is a marked trend in Bolivia to export soybean products rather than whole soybeans. Import duties reduction from 78 percent to a 40 percent is applied to soybeans and soybean oil since December 24, 1999. This unilateral decision by the Colombian government has been appealed by Bolivia in the Andean Community.

Data Table (metric tons)

	1998	1999	2000
A. Total Market Size	363	378	397
B. Total Local Production	63	68	77
C. Total Exports	0	0	0
D. Total Imports	300	310	320
E. Imports from the U.S.	170	200	215

The above statistics are unofficial estimates.

*Soybean Marketing Year is October/September.

VI. TRADE REGULATIONS AND STANDARDS

Import Duties

During the first half of the 1990's, Colombia began lowering and simplifying its import tariffs. Import duties are quoted ad-valorem on the CIF value of shipments. All duties (with a few exceptions) have been consolidated into four tariff levels as follows: a) 5 percent for raw materials, intermediate and capital goods not produced in Colombia; b) 10 and 15 percent for goods in the above categories but with domestic production registered in Colombia; c) 20 percent for finished consumer goods; and d) some exceptions to these general rules, such as import duties for automobiles which remain at 35 percent and some agricultural products which fall under a variable import duty system (price band). It is estimated that Colombian tariffs weighted average fluctuates between 11 and 13.5 percent.

These tariff levels are in line with Decision 370 of the Andean Community (formerly "Andean Pact") Agreement, which the governments of Bolivia, Colombia, Ecuador and Venezuela approved in November 1994. This Decision is known as the Common External Tariff (CET) which, in the case of Colombia, became fully effective in January 1995 through Decree 205.

Under Decision 370, Andean Community countries are obliged to assign a common external tariff (CET) for imports coming from third countries and, at the same time, eliminate duties for products manufactured and imported from within the region. Venezuela has also been implementing the CET while Bolivia and Ecuador have been slowly coming on board. Peru, which had threatened to leave the Andean Community over this issue, is implementing the CET, and hopes to reach a significant level of integration by the end of 2003. On the other hand, Colombia has been facing increasing trade problems with Venezuela and Ecuador on some

agricultural commodities, such as corn, rice, and cotton. Transportation of goods by truck between the countries due to increased security concerns also has caused friction between the trade partners. The Andean Community's Board of Directors has analyzed these situations on several occasions, but the results have been below Colombia's expectations.

Colombia has signed several other multilateral free trade agreements. Among the most important are: the Latin American Integration Association (LAIA) with Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela, El Salvador, Costa Rica, Guatemala, Nicaragua, and Honduras; the Bilateral Free Trade Agreement with Chile; and the G-3 (Group of Three) with Venezuela and Mexico.

The large number of integration agreements which Colombia has signed has created a complex system of tariffs that are applied according to the different treaties. Over ten different duties may be applied to a given product depending on whether it comes from the Andean Community countries, from Mexico (under G-3 or LAIA agreements) from any other LAIA country or from CARICOM (Caribbean Community) countries. The Colombian tariff book shows all of the import duties that apply. U.S. exporters can obtain a tariff schedule at:

LECOMEX	LEGIS
Carrera 7 No. 13-65, Of. 601/602	Ave. El Dorado No. 81-10
Tel. (571) 243-5189/282-3214	Tel. (571) 410-0899/263-4100
Fax (571) 342-6195	Fax (571) 263-2530
Apartado (P.O. Box) 7502	Apartado (P.O. Box) 98888
Santafe de Bogota D.C., Colombia	Santafe de Bogota D.C., Colombia

Colombia was favored, together with Bolivia, Ecuador, and Peru, by the Andean Trade Initiative (ATI), which resulted in the ATPA (Andean Trade Preference Act) of December 1991. This U.S. unilateral tariff exemption, similar to the Caribbean Basin Initiative (CBI), was designed to promote economic development through private sector initiatives in the five Andean countries. Exports of agricultural items were encouraged as part of the strategy to create alternative income sources to drug production. ATPA will expire on December 31, 2001, and the Government of Colombia has expressed interest in renewing this preferential treatment for its exports. Colombia has requested parity with the CBI (Caribbean Basin Initiative) in order to extend CBI tariff benefits to Colombian textiles and apparel exports to the United States (U.S. tariffs for Colombian products currently range between 10 and 20 percent). Colombia mounted a vigorous effort this year but not successful and the 2000 CBI legislation does not include Colombia. This makes Colombian textile and apparel products much less competitive with regard to products with tariff exemption entering the U.S. market from CBI Caribbean member countries.

Import Taxes

Most imports are covered by a 15 percent value-added (VAT) tax assessed on the CIF value of

the shipment plus import duties. Some exceptions apply, as in the case of imported vehicles, which are covered by a variable sale tax of 16, 20, 35, or 45 percent depending on the type of vehicle, the size of the engine, its intended use, and its price. The President of Colombia, who initiated his four-year term on August 7, 1998, announced during its campaign that he would implement a progressive reduction of the sales tax to 12 percent during his government.

Non-Tariff Barriers

Although significant progress has been achieved in this area, the Colombian government bureaucracy still constitutes a barrier to trade for both local and foreign companies. Pilferage in Customs warehouses and robberies of trucks on the roads is frequent. The absence of clear procedures to solve the problem of incorrect import documentation continues to be a barrier of sorts. Shipments have been detained indefinitely by Colombian Customs because of improper tariff schedule classification, use of an improper address, or typing mistakes. When these mistakes are made by the exporter/importer, Customs presumes that it was done in bad faith and there is no clear procedure to correct the problem. The goods are seized, refused entry into Colombia or returned at considerable expense to the exporter or importer.

The new Customs Code that comes into effect on July 1, 2000 addresses some of the above problems. According to Article 128 of the new Customs Code, if during the Customs Inspection to the merchandise (physical and/or documentary) the customs officials detect mistakes in the documents, the importer will have five days to correct the mistakes.

Another barrier to trade is the lack of intellectual property protection. Although Colombia ratified the provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), it does not yet provide adequate and effective intellectual property protection. As a result, Colombia has been on the “Watch List” under the special 301 provision of the 1988 Trade Act every year since 1991.

Patents still lack adequate protection including overly broad compulsory licensing provisions, working requirements, denial of pharmaceutical patent protection for patented products listed on the World Health Organization’s model list of essential drugs. The industry also complains about Colombia’s lack of protection for pharmaceutical products with multiple or dual use, and a lack of protection against parallel imports.

Colombia is a member of the Inter-American Convention for Trademark and Commercial Protection. Colombian trademark protection requires registration and use of the trademark in Colombia. Priority rights are granted to the first application for a trademark in another Andean Community country that grants reciprocal rights. However, enforcement in the trademark area, remains weak and the backlog of pending cases in the Superintendence of Industry and Commerce (the entity that registers trademarks in Colombia) stands at approximately 25,000 cases.

Colombia has made good progress toward the protection of copyrights. It has a modern copyright law (Law 44 of 1993) and Andean Community Decision 351 on the protection of copyrights has been in effect in Colombia since January 1, 1994. Colombia also belongs to both the Bern and the Universal Copyright conventions and ratified the Andean anti-piracy convention on February 25, 1999. A presidential directive mandating that all government entities purchase only legally copyrighted software and other goods protected by international copyright law. An intellectual property rights investigative unit was created within the Colombian government's Office of the Prosecutor General and it was formed in part to address U.S. concerns about the Colombian government's commitments to reducing copyright violations in the areas of television programming, records, books, and software. However, enforcement of copyrights laws is still insufficient and U.S. industry estimates that a very high percentage of the videocassette, sound recording, and business software products are pirated.

Other Service Barriers

The mechanisms that the Colombian government has chosen to pursue liberalization of trade in services are based mainly on reciprocity. There are still some limitations in this sector. A minimum of fifty percent of any television commercial for public broadcast network programming must be produced locally. Cargo reserve requirements in transport have been eliminated. However, the Ministry of Foreign Trade reserves the right to impose restrictions on foreign vessels of nations which impose reserve requirement on Colombian vessels. Foreign law firms are not permitted to have a commercial presence in Colombia unless a Colombian Attorney heads the firm. Colombia also restricts the movement of personnel in several professional areas, such as architecture, engineering, and construction. For firms with more than ten employees, no more than ten percent of the general workforce and 20 percent of specialists can be foreign nationals.

Colombia denies market access to foreign marine insurers and requires a commercial presence to sell all other insurance except international travel or reinsurance. Colombian permits one hundred percent ownership of insurance subsidiaries, but the establishment of branch offices of foreign insurance companies is not allowed.

In the WTO negotiations on basic telecommunications services, Colombia made fairly liberal commitments on most basic telecommunications services and adopted the WTO reference paper. However, Colombia specifically prohibited "callback" services and excluded fixed and mobile satellite systems. Currently, foreign investment is allowed in telecommunications firms but under the WTO agreement, Colombia reserves the right to limit foreign investment in these firms based on an economic needs test.

Electronic Commerce in Colombia is primarily regulated by Law 527 of August 28, 1999. The law provides organizational, inspection, vigilance and sanctioning responsibilities to the Superintendence of Industry and Commerce. Certifying agencies (local and foreign) must be authorized by the Superintendence. However, validation procedures are far from being regulated.

Until these procedures are implemented, e-commerce applications in Colombia will likely remain very limited.

Non-Tariff Barriers to Agricultural Trade

Import licenses issued by Ministry of Foreign Trade (MINCOMEX): Most agricultural products are issued automatic or "free" import licenses by the Ministry of Foreign Trade (MINCOMEX, the Colombian Institute for Foreign Trade has been absorbed by the Ministry of Foreign Trade). But when the Ministry of Agriculture (MOA) determines that imports are not needed and will cause damage to related domestic production, imports can be prohibited over indefinite time periods. Two agricultural products that have been subject to "previous" (more restrictive) import licensing requirements are fresh/frozen poultry parts, and powdered milk.

Resolution 04 of June 12, 1998, issued by the Ministry of Foreign Trade, placed seasoned poultry parts (chicken, turkeys, and other birds) under the "previous" licensing system. Prior to this, seasoned poultry parts were under the "free" import regime, which resulted in automatic issuance of import licenses by Incomex. Since 1994, import licenses for raw unprocessed chicken/turkey parts have been routinely denied.

The GOC uses the "previous" import licensing system to restrict the importation of powdered milk, during Colombia's high milk production seasons of May-July and August-October. In 1998, the GOC established that no milk imports are approved whenever national powdered milk stocks exceed 6,139 tons. This action resulted from increasing pressure from domestic milk producers who blamed milk imports for the weakening of prices for locally produced milk. As of June 2000, the mechanism is still applied.

Import License Approval Requirement by the Ministry of Agriculture: The Ministry of Agriculture (MOA) Decree 2439 of 1994 requires the MOA to approve import licenses of commodities that compete with domestically produced commodities that fall under absorption agreements between local producers and processors. Agricultural commodities that require MOA approval for import licenses include wheat, poultry meat, malting barley, corn, rice, sorghum, wheat flour, oilseeds and their products (soybeans, soybean meal and soybean oil). Private importers are more likely to have their import licenses approved if they are deemed to be in compliance with domestic absorption agreements. Imports from countries with trade agreements with Colombia are not subject to MOA approval. This includes the Andean Community countries (Venezuela, Ecuador, Bolivia and Peru) along with Mexico and Chile.

Price Bands: On April 1, 1995, Colombia began to apply the common Andean Community price band (variable import duty system) covering thirteen basic commodities (white rice, malting barley, yellow corn, white corn, soybeans, wheat, crude palm oil, crude soybean oil, white sugar, raw sugar, powdered milk, chicken parts, and pork meat) and 134 additional commodities that are considered substitutes. The system is purportedly intended to cover domestic producers and

consumers from volatile world prices by raising import duties when import prices are low and lowering duties when prices are high.

Under the Colombian interpretation of the Andean Community price band system, import duties are based on Andean Community Board determined ceiling, floor and reference prices adjusted to a CIF basis. Import duties are levied on calculated reference prices and are not based on actual invoice prices. If the applicable reference price is within the floor and ceiling price band, the import duty is calculated using the applied tariff rate and the reference price. When the reference price falls below the floor price, a variable duty (or surcharge) is applied, which is based on the difference between the floor and reference prices. This surcharge is levied in addition to the applied duty. Conversely, when the reference price exceeds the ceiling price a reduction is made to the applied duty based on the difference between the reference and ceiling prices.

The Andean Community price band system lacks transparency and can be manipulated to provide arbitrary levels of import protection. For example, adjustment factors for freight, insurance and other unspecified costs are not transparent and provide latitude for manipulation of ceiling, floor and reference prices. In many cases, it is impossible for an exporter to estimate the final import duty.

Often the appropriate reference price is not used to assess the import duty. For example, in the case of chicken parts, ceiling and floor prices are based on U.S. whole broiler prices and the reference price is based on U.S. leg quarter prices. This increases the likelihood that the reference price will fall below the floor price and the additional surcharge will be added to the import duty. For soft wheat, the floor and ceiling prices are based on hard red winter wheat, which tends to result in a higher import duty for soft wheat, since hard wheat is generally more expensive than soft wheat.

The U.S. government considers the application of this system to be inconsistent with Colombia's WTO obligations. It often appears that the reference price used to calculate the import duty does not accurately match the imported product, which results in the assessment of an inflated surcharge.

Sanitary and Phytosanitary Measures

All processed retail food items, including products imported in bulk for repackaging for retail use without further processing, must be registered and approved by the National Institute for the Surveillance of Food and Medicines (INVIMA), which is part of the Ministry of Health (decree 3075/97). Products that have not undergone transformation, such as fresh or frozen produce and meat, do not need INVIMA registration. A transformed product is defined by the GOC as having been subjected to processing that resulted in a change in its internal structure.

Non-transformed products that are fresh or frozen (meat and produce) do not need an INVIMA

registration, but they do need a sanitary permit from the Ministry of Agriculture's Colombian Agricultural Institute (ICA). ICA is responsible for the issuance of import health permits for animal products, vegetables, fruits, and grains. This permit details the phytosanitary import requirements for these products. The Colombian importer must first obtain the import permit from ICA, before requesting an import license from Ministry of Foreign Trade. The ICA import permit is supplied by the importer to the exporter for submission to USDA. USDA will then issue a phytosanitary certificate referencing the requirements in ICA's import permit.

Sanitary Registration

U.S. exporters should be aware that sanitary registration must be obtained for pharmaceuticals, cosmetics, processed food products, and household insecticides and similar products. The registration must be obtained before exporting the products to Colombia. It is issued by the Instituto Nacional de Vigilancia de Medicamentos y Alimentos - INVIMA (National Institute for Control of Medicines and Food Products). The fee varies between COL \$700,000 to COL \$1,500,000 (roughly US \$350 to \$700) depending on the product, and the procedure usually takes between six months and one year. Sanitary registration is required for both locally manufactured and imported products. For more information please contact: INVIMA, Sub Directorate for Licenses and Registry, Carrera 15 No. 58-59, Santa Fe de Bogota, Colombia, Tel. (571) 347-4289; Fax (571) 211-8003.

Import Licenses and Fees

All imports must be registered with the Colombian Foreign Trade Ministry Institute (Ministerio de Comercio Exterior - MINCOMEX) in the form of a specific application known as "Registro de Importacion".

Colombian imports are classified into three basic groups: those that can be freely imported into the country; those requiring approval of a previous import license; and, a few items that cannot be imported. Most products are on the "free" list and their importation is approved automatically upon presentation of the import application or "Registro de Importacion".

Even if the items are classified in the free import list, a prior import license is still required for the following: a) imports by government entities (except gasoline and urea); b) import applications, which involve customs duty exemption; c) used and irregular goods; and d) non-reimbursable imports.

The import application (Registro de Importacion) has a fee of Colombian pesos \$21,500 (about US \$11). The import license issued is valid for twelve months for capital equipment, six months for most other products, and two months for perishable products. Extensions, additions or modifications may be requested by filling out additional forms. The registration form must include the harmonized tariff code and information on the importer, exporter, manufacturer, carrier, country of origin, port of origin and destination, amount imported and number of units,

single and global prices, sales and payment terms, bulk and net weight, and description of the merchandise.

Prohibited Imports

The importation of the following products has been specifically prohibited: dieldrin, aldrin, chlordan, endosulfan, heptachlor, lindane and any preparations containing these products; gasoline containing lead tetra ethylene; and weapon-type toys (to reduce the influence of violence in the society).

An import license is required for 95 sub-classifications of the Colombian Tariff Schedule. No import licenses are being approved for the following: used vehicles and parts, used tires, used or irregular clothing, clothing closeouts, used bags and sacks, sacks of vegetable fibers, rags, and scrap cordage of textile material wastes. Only the Military Industry Institute (Colombia's government-owned arms and explosives manufacturer) may import weapons, explosives, and related raw materials.

Import Declaration

The importer must submit an import declaration to the Colombian Directorate for Customs and Taxes (DIAN). This declaration includes the same information contained on the import registration form and other information such as the duty and sales tax paid, and the bank where these payments were made. This declaration may be presented up to fifteen days prior to the arrival of the merchandise to Colombia or up to two months after the shipment's arrival. Once the import declaration is presented and import duties are paid, customs will authorize the delivery of the merchandise.

Customs officials are responsible for inspecting merchandise to verify that the description and classification are consistent with the importer's declaration. A customs inspection group has been trained to perform after-clearance random investigations to detect fraud, foreign exchange irregularities, and tax evasion. Major customhouse brokers have a customs office in their own warehouses where most clearance procedures are completed before the merchandise is delivered to the customers.

Customs Valuation

Colombia, along with the other Andean Community countries, adopted through Decision 378 of June 19, 1995, GATT's (now WTO) customs valuation code. Colombia incorporated it into its own domestic legislation in 1996 through Decree 1220.

In Colombia, to comply with requirements, all importers of goods with a value of US \$5,000 dollars and above must present an additional form, known as the "Andean Customs Valuation

Declaration” (Declaracion Andina del Valor en Aduana), in which the importer must state the real value of the merchandise. This document supports the import declaration and import registration document mentioned above.

Customs valuation is based on the real transaction value (commercial invoice). Import duties are assessed on the CIF value of goods.

Pre-Shipment Inspections

Decree 2654 of December 24, 1999 from the Ministries of Finance and Foreign Trade, (which supersedes Decree 1122 of June 26, 1999) abolishes the pre-shipment certification requirement as of 12/24/99 for exports to Colombia. Therefore, a pre-shipment inspection certificate is no longer required to clear goods through Colombian Customs.

Other Import Controls

The Foreign Trade Ministry reorganized some of the entities that control imports. It divided the National Directorate of Taxes and Customs (Direccion Nacional de Impuestos y Aduanas - DIAN) into two different entities: The National Income and Other Taxes Office (Oficina de Impuestos de Renta y Complementarios) and the National Customs Office. The purpose of this is to exert better control over imports and money laundering through international trade operations. A complete set of new legislation is expected to accompany the creation of these two entities. In the meantime, the Ministry of Foreign Trade is trying to control contraband and money laundering through measures such as the Pre-Shipment Inspection Certificate and Resolutions 9 and 10 of 1996 from the Foreign Trade Superior Council which are briefly explained below.

Resolutions 9 and 10 of 1996 are modifications to Resolution 001 of 1995 pertaining to import license requirements. Their objective is to improve the Government's control over money laundering activities, which utilize under-valuation of imported merchandise and other malfeasances. MINCOMEX checks the declared prices as stated in the import documents with the corresponding prices in the international market. Some exporters have encountered problems due to different interpretations of these resolutions by Customs officials and local importers, causing needless delays and additional costs.

Also, the Government requires local importers to process merchandise payments through approved financial institutions. MINCOMEX has been instructed to gather the needed information to determine if importers complied with this requirement by asking DIAN (Customs and Internal Revenue organization) and other entities to provide them with the information to verify compliance. If the importer fails to comply, MINCOMEX can denounce it to the authorities for legal action.

U.S. Export Controls

U.S. exporters should be aware that the U.S. Government may prohibit the export of certain products to Colombia or require export licenses. The Department of Commerce's Bureau of Export Administration has licensing responsibility for most controlled products and technology exports licenses are required for certain high technology items or technology transfers and items with potential dual use. In recent years there have been increasing restrictions on the export of precursor chemicals to Colombia, due to the Drug Enforcement Agency's (DEA) concern that they may be utilized by narcotraffickers to produce drugs. For more information on U.S. export licensing issues contact BXA: www.bxa.doc.gov; Tel: (202) 482-4811; Fax: (202) 482-3617. For information on the export of weapons and firearms contact the State Department's Office of Defense Control, Tel: (703) 875-6644; Fax: (703) 975- 6647.

Import Documentation

Colombian importers must follow nine basic steps to carry out an ordinary import into Colombia:

When required (the Colombian Tariff Schedule Book must be consulted), obtain import permits from pertinent government agencies. For example: Ministry of Health (for drugs), Ministry of Agriculture (for certain food products); Civil Aviation Department (for aircraft).

- 2) Buy and fill out the Import Registration form. File the Import Registration form with the Colombian Ministry of Foreign Trade (MINCOMEX).
- 3) Obtain approval from MINCOMEX for the Import Registration Form or Import License (in the few cases when this is required)
- 5) Make arrangements with a financial entity for payment of the importation.
- 6) Ask the exporter to ship goods to a Colombian port.
- 8) Request the Cargo Manifest from the transportation firm.
- 9) Make arrangements, with their Customs Broker to receive the merchandise and get it out of customs. The following are the major steps to be followed:

Fill out the "Andean Customs Value Declaration" (Declaracion Andina de Valor en Aduana) when the importation value is more than US \$5,000.

- b. Fill out the "Import Declaration" (Declaracion de Importacion).
- c. Go to an authorized financial entity and pay the import duties.

- d. Present all documents to Customs.
- e. Customs review the merchandise, when they consider it necessary, and authorize withdrawal of goods.

The importer must keep import documents for a period of not less than five (5) years.

Temporary Entry

Temporary imports are goods brought into Colombia for re-export within a specified period time. Non-fungible merchandise that can be thoroughly identified by marks, serial numbers, or other symbols can be brought temporarily into Colombian territory for specific purposes. The merchandise must be re-exported immediately after the pre-authorized period of time, without being subject to any alteration or modification, except for the normal deterioration caused by use.

There are two categories for temporary imports. The National Directorate of Taxes and Customs (DIAN) decides which of the two categories has to be applied to a specific case:

Short Term: This allows the importation of merchandise for a specific purpose during a period of time that should not exceed six months; one three-month extension can be requested and approval must be obtained before expiration of the initial authorization. Short-term import duties are not subject to import duties, but a guarantee equivalent to ten percent of the corresponding import duties must be presented to obtain approval.

Long-Term: Colombian Customs regulations also allow for long-term temporary importation of equipment for a period of up to five years. Importation of machinery and equipment as well as related accessories and spare parts if they are included in the same one-time-only shipment is allowed. This system is applied to equipment to be used in public works projects and other activities important for national economic and social development. Long-term temporary imports also are approved for machinery and equipment brought into the country under leasing contracts for six months to five years.

Long-term customs declarations for temporary imports must include the U.S. dollar calculation of duties and taxes in accordance with the tariff schedule effective on the submission date. The total amount may be divided into equal quotas to be paid semi-annually, during the temporary import period. The importer may be requested to establish a guarantee equivalent to one hundred percent of the import duties. Import duties are non-refundable.

Demonstration Equipment

The international carnet system for temporary imports of demonstration equipment (to be used in

promotional campaigns or trade shows) is not in effect in Colombia. DIAN has implemented an alternative system. Visitors bringing in equipment for demonstration purposes are requested to fill out a special form provided by DIAN upon their arrival at an international airport. The equipment may stay in the country up to 90 days. There is no deposit requirement.

Postal and Urgent/Express or Courier Shipments

Postal and courier shipments are regulated by Decree 1909 (Art.51) and DIAN (Colombian Internal Revenue and Customs Bureau) Resolution 3780 of 1994. Postal shipments (correspondence, postcards, printed materials) are exempt from licensing requirements and/or payment of duties. Courier or express shipments not exceeding US \$500 in value are freely imported and classified under HS 98.08.00.00.00, but are subject to a ten-percent CIF tariff and fifteen-percent VAT (Value-Added Tax) on the CIF-duty-paid value of shipments. The new Customs Code, effective July 1, 2000, increases the permitted value for urgent/express or courier deliveries from US \$500 to US \$1,000, and applies to either air or surface shipments.

Labeling and Marking Requirements

Specific marks or labels are not required, except for food, pharmaceutical products and textiles. Labels on processed food products must indicate the specific name of the product, ingredients in order of predominance, name and address of manufacturer and importer, number of units, instructions for storage and usage (when required), expiration date, and other instructions as required by the Ministry of Health or the Industry and Commerce Superintendency. Labels and illustrations cannot be inaccurate or misleading.

Labels on pharmaceutical products must indicate in Spanish: "for sale under medical, dental or veterinary prescription," with the generic name, commercial name, net weight or volume, weight or quantity of active ingredients, license number and the lot control number. For those products having limited shelf life, the date of expiration should be included.

Insecticides and other toxic products should prominently display the skull and crossbones, the word "poison" in Spanish and information regarding usage and antidotes. Products for which there are no antidotes cannot be licensed and can only be used in programs under the direct control of public health authorities.

Standards

In Colombia, certain products whether imported or produced locally are required to conform to technical standards established by Decree 300 of 1995 which implements the provisions of Decree 2269 of 1993 which made mandatory Colombian technical standards for some goods sold in the Colombian market (both imported and produced locally). Decree 300 of 1995 establishes that the Industry and Commerce Superintendence (SIC) (under the Ministry of Economic Development), compile the list of products requiring the Certificate of Conformity and issues this

certificate for import purposes. To assure compliance with these regulations, some imports require a special certificate of conformity with the appropriate Colombian technical standard. The Foreign Trade Institute does not approve import registrations for products on this list if the Certificate of Conformity does not accompany the requests.

On April 7, 1999, SIC enacted Resolution 6050, regarding the procedures required to comply with official mandatory technical standards and regulations. The new provisions formally started on August 11, 1999, per Resolution 18699 (enacted on June 4, 1999). The Resolution requires that the manufacturers and importers of products regulated by official mandatory technical standards and technical regulations register with SIC by providing the organization's contact information and the products requiring compliance with a specific mandatory technical standard or regulation. The Colombian government has notified the World Trade Organization (WTO) about this requirement. The resolution requires product testing laboratories and accreditation entities to sign a mutual recognition agreement with SIC in order for their certificates of conformity to be accepted. The Resolution requires product testing for those producers or importers that lack a valid certificate of conformity or are about to expire. Also, by Article 231 of Decree 1122 of June 26, 1999, SIC was appointed the exclusive accreditation entity in Colombia.

The Superintendency and the former INCOMEX issued a joint regulation (circulars 01 and 21, modified by circulars 02 and 23 of 1995 and circular 6 of 1997), establishing the procedures (as explained above) for obtaining the Certificate of Conformity and listing all products currently subject to this requirement. Any U.S. exporter wishing to obtain the list of Colombian Harmonized Tariff Schedule headings subject to this regulation or who encounter problems due to this requirement may consult with the Colombia Desk at the U.S. Department of Commerce, Tel: (202) 482-0057, or with the Commercial Service at the U.S. Embassy in Bogota, Tel: (571) 315-1910/ 315-1026.

ICONTEC (Colombian Institute of Technical Standards and Certification), a private nonprofit organization founded in 1963 and accredited by the Industry and Commerce Superintendency (SIC) as a certification entity responsible for the development of technical standards. ICONTEC is a member of the International Standards Organization (ISO) and of the International Electrotechnical Commission (IEC). It provides quality certification services, training and technical support services, as well as inspection services, recognized by Underwriter's Laboratories (UL).

In 1996, ICONTEC received recognition from the German Association for Accreditation (TGA) to carry out ISO 9000 quality management certification. ICONTEC has certified 246 companies under ISO 9000, 28 under QS 9000, and has awarded seals of quality standards conformity to 93 firms.

In July 1998, the Institute was accredited to certify firms under the ISO 14000 environmental management system (EMS) and has certified two Colombian firms under ISO 14001. The

Ministry of the Environment, in conjunction with SIC and ICONTEC, has been a serious advocate for the adoption of EMS and other voluntary environmental management and self-regulation codes, as part of a government-wide 1997 National Cleaner Production Policy.

ICONTEC standards may apply to Colombian government imports procured through international bidding as well as to imported or locally manufactured products. The Colombian Import Code states a preference, but not a requirement, for metric description of imports.

Other recognized Colombian certification entities include Corporacion Colombia Internacional (fruits, vegetables, and other food products) and S.G.S. Colombia (quality assurance systems). There are 37 testing and 15 metrology (calibration) laboratories accredited by the Industry and Commerce Superintendency operating in public and private institutions, and one accredited inspection entity to evaluate organic agricultural products, Centro Internacional de Agricultura Organica - CIAO.

The Commercial Service of the U.S. Embassy in Bogota has been working closely with the National Institute of Standards and Technology (NIST) in expanding cooperation in the areas of standards development, certification, metrology and quality assurance.

Colombian Export Controls

In general, the export of goods and services is free in Colombia. However, exports are not authorized if they form part of the artistic, historical, or archeological heritage of the nation. With the creation of the Ministry of the Environment, the government is trying to apply stricter controls over the illegal exportation of endangered animals. A prior favorable ruling (under Resolution 14, 1991) is required for the approval of export registration of eight customs categories in the agricultural and animal husbandry sector. The Special Administrative Unit of the DIAN controls the exit of goods from Colombian territory. Exports must be registered at MINCOMEX.

Colombian Export Documentation

To carry out an export, the exporter must: 1) remit the proforma invoice; 2) obtain acceptance of conditions from the client (letter of credit, draft bill); 3) negotiate (through a local financial institution) the letter of credit/draft bill from the endorsing foreign bank; 4) present (to MINCOMEX) a form known as "Registration as National (local) Producer, Export Offer and Determination of Origin"; 5) present the certificate of origin (when necessary) with copy of the commercial invoice (this form is sold by MINCOMEX), and other certificates required by the country of destination (textile visa, phytosanitary certificates, etc.); and 6) complete and present the export declaration (ED) form also known as shipping authorization of final export declaration with all annexes as required.

Products that require special documentation include: vegetables, plants, fruits, animals, gold,

emeralds, oil, coal, nickel, platinum, textiles, products exported through the GSP (General System of Preferences), products exported through the ATPA (Andean Trade Preference Act), products exported through any Free Trade Agreement, and products exported through the Colombian draw-back system known as "Plan Vallejo".

Free Trade Zones

Free trade/industrial zones (zonas francas comerciales y/o industriales) were created in Colombia in 1958 with the establishment of the Barranquilla Free Industrial and Trading Zone. There are commercial free zones for free trade of goods, industrial free zones for the promotion of industrialization, technological free zones for the promotion of technological services, and tourist free zones for the promotion of tourism. Free-trade zones have special regulations regarding customs and capital investment and enjoy certain tax benefits.

By Law 7 and Decree 2131 of 1991 the Government of Colombia authorized the liquidation of the assets and personnel of the public free trade zones and their privatization by June 30, 1994. Five trade zones owned by the Government were privatized (given for administration to the private sector under a concession contract):

- Barranquilla, the main port on the Atlantic Coast
- Cartagena (Mamonal), perhaps the most important industrial zone in Colombia
- Cucuta, a commercial free trade zone in the northeastern section of the country on the border with Venezuela

Palmaseca, close to the international airport in Cali (main city in the State of Valle del Cauca)
Santa Marta, on the Atlantic Coast.

There are seven privately owned free trade zones in Colombia. Four of these are currently under operation:

- Bogota, recently constructed
- Candelaria, in the city of Cartagena
- Rio Negro, near the city of Medellin (State of Antioquia)
- Pacifico, near the city of Cali (State of Valle del Cauca)

Three of the privately owned free trade zones are under construction:

- Quindio, near the city of Armenia in the Colombian coffee region;
- Malambo, in the outskirts of Barranquilla (State of Atlantico).
- Arauca, in the State of Arauca, Colombian Eastern Planes

The following is a summary of the incentives offered by free trade zones in Colombia:

- Exemption from income tax on all export earnings
- Exemption from custom duties and sales tax on goods and services brought into the zone
- Exemption from all taxes on distribution profits
- The right to exchange, hold or negotiate foreign currency and to open domestic or foreign bank accounts in foreign currencies
- The right to remit profits abroad
- The right to remit funds abroad to pay for goods and services acquired in other countries

Special Foreign Trade Regimes in Colombia

-The Vallejo Plan. Companies use the Vallejo Plan to import raw materials, intermediate goods, capital goods and spare parts with a full or partial exemption from customs duties and value added tax. These imports must be used to produce goods and services for exports. The capital goods and spare parts required to render a service directly related to merchandize production for exports can also be imported under the Plan Vallejo Plan.

-Maquila Operations. Resolution 1860 of 1999 issued by the former Foreign Trade Institute (INCOMEX) gave free way to Maquila operations in Colombia. These operations consist on non-reimbursable imports in which the foreign partner supplies one hundred percent of raw materials or input to the national producer for the manufacturing of goods that will be exported.

-Special Customs Zones. Special Customs Zones offer incentives to development, trade and tourism in certain areas of Colombia. The goal is to strengthen the region's economy and generate employment. Imports into these areas are duty free or pay a reduced import duty. Materials, machinery, equipment, accessories and spare parts are exempt from import duty but they must be used exclusively in the designated zone, and must be used to construct public works, economic and social development projects. The following are Special Customs Zones in Colombia: Maicao, Uribia and Manaure in the State (Departamento) of Guajira; Tumaco in the State of Narino; Guapi in the State of Cauca, and the Uraba Region In the States of Antioquia and Choco.

Special Regimes Zones. Special income tax and import duty exemptions applied to zones that have suffered natural disasters. New or used late-model machinery, equipment, spare parts and raw materials may be imported free of duty and value-added tax, provided such items are installed and used for production purposes within the zone subject to this benefit. Two of the zones covered by Special Regimes are the Coffee Zone that was struck by an earthquake on January 25, 1999 and the Paez River basin Zone in the States of Cauca, affected by a flood several years ago.

-Border Zones. By means of Law 191, 1995, Colombia is promoting and development its border zones by strengthening integration and cooperation with neighbor countries. This effort is based on a series of special incentives that include: temporary exemptions for remittance tax, customs

duties for capital goods not produced in the Andean Countries, and sales tax for some products; loans at special interest rates; temporary licenses to enter and operate (within specific geographic limits) cars, motorcycles and river craft; and licenses to financial organizations in border zones to buy and sell the currencies of the bordering countries.

VII. INVESTMENT CLIMATE

Openness to Foreign Investment

Two professed principles continue to guide Colombia's foreign investment policy: 1) equality, by which foreign and national investments receive the same legal and administrative treatment; and 2) openness, by which few restrictions apply regarding the amount of foreign investment or its destination. As is the case for many other countries, neither principle is fully observed, although significant progress has been achieved.

The primary regulations governing foreign investment are Law 9 of 1991, Resolutions 51, 52, and 53 of the Council on Economic and Social Policy (CONPES) and Resolution 21 of the Board of Directors of the Central Bank (Banco de la Republica). They grant national treatment to foreign investors and permit 100 percent foreign ownership in virtually all sectors of the Colombian economy. Exceptions include national security and the disposal of hazardous waste products. In July 1996, CONPES eliminated the requirement of government authorization prior to investment in public services, mining, and hydrocarbons; however, direct investment in these specific sectors is still subject to concession agreements with the appropriate Colombian government entity. Prohibitions on foreign investment in real estate companies were abolished by decree 241 of February 8, 1999. CONPES approved on June 1, 2000 modifications to the rules governing foreign portfolio investment. The new decree, which will be issued soon, will provide for the elimination of limits on acquisition of shares with voting rights by foreign investment funds. Likewise, automatic authorization for these funds will be established.

The opening of the Colombian economy, or *apertura*, which began in 1991, facilitated the importation of most services. Sector liberalization has progressed farthest in financial services, telecommunications, accounting/auditing, energy and tourism. It has occurred to a lesser extent in audiovisual services, legal services, insurance, distribution services, advertising and data processing. Colombia also restricts the movement of personnel in several professional areas, such as architecture, engineering, law and construction. For firms with more than ten employees, no more than 10 percent of the general workforce and 20 percent of specialists can be foreign nationals. There is a constant, if gradual, attempt underway to liberalize areas where restrictions remain in force.

The Colombian government regards duty free zones as poles of industrial, commercial, tourist

and technological development focused largely on overseas markets. Duty-free zones are regulated by Decree 2131 of 1991, which established duty-free zones for industrial, tourist, and technological services supplied by private organizations, and Decree 2111 of 1992, which eliminated all state participation in the operation of duty-free zones through a process that concluded in 1994. Decree 97 of 1993 established tariffs for duty-free zones. Most companies operating in duty-free zones manage operations with large-scale production and a high degree of labor specialization. Foreign capital investment in duty-free zones is entitled to unrestricted repatriation of capital and profits. Users of duty-free zones are not obliged to surrender proceeds from the sale of goods and services on the official exchange market. They are also exempt from income, withholding and remittance taxes related to foreign sales. Goods traded within duty-free zones are considered outside of Colombian territory for import-export tariff purposes. Shipment to foreign markets of goods manufactured or stored in a duty-free zone need only authorization from the operator of the zone. There are 15 duty-free zones in Colombia as of January 2000, of which 12 are for industrial and technological goods and services and three for tourist services.

Foreign investors have participated in a broad range of privatizations, including those in the financial, ports and railways, power generation and telecommunication sectors. As well, foreign contractors may bid on public highway concessions. The Institute for Industrial Development (IFI) manages several smaller enterprises that are also available for privatization.

The following restrictions still exist:

Accounting and auditing: Providers of these services must be registered in Colombia. No restrictions apply to services offered by consulting firms or individuals. Subsidiaries of U.S.-based multinational firms control 80 percent of the accounting market.

Advertising: There is no local content requirement for Colombian television, but the National Television Commission charges foreign-made ads double the national rate for airtime.

Audio-visual services: Colombian television broadcast laws (law 182/95 and law 375/96) impose several burdensome restrictions on foreign investment. For example, foreign investors must be actively engaged in television operations in their home country. Furthermore, their investments are limited to 15 percent of the total capital of local television production companies and must involve an implicit transfer of technology. National broadcasters must transmit at least 70 percent locally produced programming during prime time and at least 40 percent during all other times.

Data processing and information: A commercial presence is required to provide this service.

Financial services: Colombia began liberalization of its financial services sector in 1991 with Resolution 51, which permitted 100 percent foreign ownership of financial institutions. However, all foreign investors (acting as individuals or/and investment funds) must receive prior

approval from the Banking Superintendency to acquire an equity participation of five percent or more in a Colombian financial entity. The use of foreign personnel in financial institutions remains limited to administrators, legal representatives and technicians.

On August 3, 1999, Congress passed Law 510, which increased minimum capital requirements for the creation of new financial entities. Law 510 gives the government the right to intervene in those institutions that fail to meet performance requirements. Under this law, registry in the Financial Institutions Guarantee Fund (Fogafin, the FDIC equivalent) is mandatory, broader reserve requirements are established, and the term allowed for the liquidation of financial institutions is extended from 6 to 18 months. Examples of financial institutions in which the government has recently intervened are public banks (Banco del Estado, BCH, and Banco Popular), private banks (Andino, Pacífico, and Selfín), as well as other financial institutions such as a savings and loans institution (Granahorrar), and a financial corporation (FES). On December 23, 1999, Congress passed Law 546, which restructured the system in place for financing housing. The new system provides incentives and better payment conditions for credit holders, and eliminates the monopoly that savings and loans institutions had on the household credit market. As of June 2000, the government still awaits for a decision by the Constitutional Court regarding the constitutionality of Law 546.

Hydrocarbons: Colombia's oil production was at an all time high in 1999, an estimated 743,000 barrels per day, up from 100,000 barrels per day in the early 1980. However, it is expected to begin to decline in 2000. In 1999, Colombia earned approximately \$3.7 billion from oil exports, providing the largest share of the country's export revenue. Colombia has about 2.6 billion barrels of proven oil reserves, and possibly ten times this amount in potential reserves. Estimates indicate that without new discoveries, Colombia could become a net oil importer by 2004.

All foreign investment in petroleum exploration and development in Colombia must be carried out under an association contract between the foreign investor and ECOPETROL, the state oil company. The terms of the standard association contract were modified in 1994, 1995, 1997, 1998, and again in 1999. The Pastrana administration has acknowledged Colombia's need for new oil reserve discoveries and implemented a new hydrocarbon policy designed to attract foreign investment. The new policy represents one of the most comprehensive reforms of the last 30 years, and has the long-term goal of producing 1.5 million barrels per day by the year 2010.

Colombia's improved terms, with much faster cost recovery, provide a significant increase to a typical project's expected rate of return. On average, the state take will drop between 15 to 40 percent in comparison to the old regime. The association contract provides for an initial 3-year exploration period, which can be extended for an additional 3 years. If gas is discovered in the process, an additional 4-year period can be provided in order to find a market and develop infrastructure. After discovery of oil reserves are made, a 22-year period is granted for production (30 years in the case of gas). ECOPETROL participates with 30 percent of investment during the production period and reimburses its associate 30 percent of exploration

costs prior to discovery. Then production is distributed taking into account the “R factor,” which is the ratio between the associate’s cumulative revenues and expenditures, thus relating foreign investors’ share of revenues to their production costs.

The new contract terms were put into practice in the first quarter of 2000. The government hopes to remain self-sufficient in petroleum production, avoiding the prospects of becoming an importer by finding new reserves. These changes will much enhance the attractiveness of Colombia’s oil investment climate, and in particular increase the profitability of fields with 50 million barrels of reserves or less, which represent approximately 90 percent of Colombia’s fields. For information on oil-industry security issues, see the section on “Political Violence.”

The first contract under Colombia’s new regulation was signed in December 1999. A consortium of U.S. Western Atlas (49%), Canadian-Venezuelan Tecnopetrol (21%), and Ecopetrol (30%) will explore in the Cesar province. U.S. based Seven Seas Petroleum has asked Ecopetrol to declare the Guaduas oil field in the Magdalena Basin commercially viable in order

to begin exploration and development. ECOPETROL together with Brazilian and Canadian partners, has announced an important discovery, the Guando field in Tolima, south west of Bogota.

Insurance: Colombia permits 100 percent foreign ownership of insurance firm subsidiaries. It does not, however, allow foreign insurance companies to establish local branch offices. Firms must have a commercial presence to sell policies other than those for international travel or reinsurance. In addition, Colombia denies market access to foreign marine insurers.

Legal: Provision of legal services is limited to those firms licensed under Colombian law. Foreign law firms are therefore prohibited from having an independent, commercial presence (i.e., a registered place of business, a branch, or an agent) in Colombia. By forming joint ventures with local law firms, foreign firms are able to operate in Colombia under the auspices of their local partners’ licenses.

Telecommunications: Colombia ended its long distance and international service monopoly in November 1998. The opening of the sector to new competitors and to foreign investment has resulted in lower prices for users of telecommunication services and new services such as data and image transmission. The opening process has not ended. Promising new technologies will soon be introduced (personal communication services, PCS, and digital television for example), and the privatization of the Bogota Telephone Company, ETB, is being sought. However, the government continues to limit foreign ownership of telecommunication companies to 70 percent. In the WTO negotiations on basic telecommunication services, Colombia made fairly liberal commitments on most basic telecommunications services and adopted the WTO reference paper. However, Colombia specifically prohibited “callback” services and excluded fixed and mobile satellite systems. Currently foreign investment is allowed in telecommunications firms, but an

economic needs test determines market access and national treatment for cellular, PCS, long-distance, and international services. Colombia did not sign the WTO Information Technology Agreement.

Investment Screening: Investment screening has been largely eliminated, and the mechanisms that still exist are generally routine and non-discriminatory. Regulations grant national treatment to foreign direct investors and permit 100 percent foreign ownership in most sectors of the Colombian economy, except in national defense and security, and toxic, hazardous, or radioactive products. As mentioned earlier, however, specific sectors still require a concession agreement from the appropriate Colombian government entity. In any event, the Colombian Economic and Social Policy Council (CONPES), may identify sectors of economic activity in which the government may determine whether it will admit foreign capital participation.

Foreign investments must be registered with the Central Bank's foreign exchange office within three months of the transaction date to assure the right to repatriate profits and remittances and to access official foreign exchange. All foreign investors, like domestic investors, must obtain a license from the Superintendency of Companies and register with the local Chamber of Commerce.

Generally, foreign investors may participate in privatization of state-owned enterprises without restrictions. Colombia imposes the same investment restrictions on foreign investors that it does on national investors.

Many foreign investors find certain provisions of Colombian law burdensome. For example, a commercial presence in the country (defined as a registered place of business, a branch, or an agent) is a standard requirement for conducting business in Colombia.

Foreign investors can participate without discrimination in government-subsidized research programs. In fact, most Colombian Government research has been done in connection with foreign institutions.

Other factors which may impact investment:

On December 30, 1999, the Colombian government passed Law 145 which provides the government with the power of "economic intervention" in the operation of all companies (public, private, local, or foreign) permanently located in Colombia. This law promotes solutions along the lines of U.S. style "Chapter 11" workouts for companies with financial problems which face possible liquidation or bankruptcy. Restructuring agreements impose strict regulations on companies (e.g., financial operations unrelated to the company's activity may not be performed without previous authorization from all the parties involved in the transactions).

Andean Community CET: The Andean Community (Colombia, Ecuador, Peru and Venezuela)

have agreed to reach the highest phase of a common market (free flow of goods, services, capital and persons) by the year 2005. A customs integration process is essential towards that end. Aiming at full customs integration, Colombia and its Andean Community partners established a common external tariff (CET), which took effect February 1, 1995. The CET has a four-tier structure, with five, 10, 15 and 20 percent tariff levels. Colombia's average official tariff is approximately 11 percent ad valorem. Most non-agricultural products and services (both locally produced and imported) are also subject to a 15 percent Value Added Tax, which was reduced from 16 percent in November 1999.

Colombia has adopted a harmonized automotive policy with Venezuela and Ecuador, which went into effect on January 1, 1994. Automotive parts and accessories, and motor vehicles imported from any of the three signatory countries have a zero import duty, while those imported from third countries are covered with common external tariff (CET) rates of 35 percent for passenger vehicles, 15 percent for mass transit and cargo vehicles and three percent for Completely Knocked Down (CKD) parts. A new Andean auto regime was adopted in November 1999, in which common external tariff rates remained as above, but regional content requirements which were included in the initial policy were increased from the current average of 23 percent to a maximum of 34 percent by the year 2009.

On July 2, 1996, the Andean Community members adopted a common regime for access to genetic and biological resources, with the professed goal of promoting the conservation, development, and sustainable use of biological and genetic diversity.

Other Regional Trade Agreements: The Andean Trade Preferences Act (ATPA) provides for the duty-free entry of 6,000 product categories from Colombia into the U.S. Products that are statutorily excluded from ATPA include, but are not limited to, textile and apparel articles, some footwear, rum, and petroleum products. Colombia has a comprehensive free trade agreement with Mexico and Venezuela (the G-3 Agreement), in effect since January 1, 1995, under which most tariffs are to be reduced to zero by the year 2007. Colombia also has a partial free trade agreement with Chile.

All of Colombia's bilateral and regional trade agreements are based on Latin American Integration Association (ALADI) regulations and procedures. Agreements negotiated with Cuba, Panama, Central America, and CARICOM have either had limited effect or have not been fully implemented. Colombia, along with the other members of the Andean Community, is currently trying to negotiate a free trade arrangement with the countries of MERCOSUR, but progress has been slow.

Agreements with ALADI members are mostly implemented through the Andean Community and the G-3 member countries. With the rest of ALADI, bilateral agreements have been signed with Chile and Argentina, plus partial agreements with Brazil, Paraguay and Uruguay. Partial bilateral agreements have also been signed with Central American Common Market (CACM) countries

(Costa Rica, Guatemala, El Salvador, and Honduras) as well as with CARICOM and Cuba. Colombia has signed other bilateral agreements to stimulate trade and ensure most favored nation treatment with Hungary, Czech Republic, Rumania, Russia, Malaysia, Indonesia, India, China, South Korea, Algeria, Kenya, Egypt, Morocco, Israel, and Ivory Coast. Colombia has been an active participant in the Free Trade Area of the Americas (FTAA) negotiations.

Right to Private Ownership and Establishment

The 1991 Colombian Constitution explicitly protects individual rights against the actions of the state and upholds the right to private property. Previously, a clause in Constitutional Article 58 expressly allowed expropriation without compensation, but in June 1999 the Colombian Congress amended to Constitution to remove that clause (see “Expropriation and Compensation” below for more details).

Protection of Property Rights

Colombia remains on the Special 301 “Watch List” for not providing effective protection of intellectual property rights (IPR). It has been on the “Watch List” every year since 1991. An out-of-cycle review in September 1999 placed Colombia once again in the same Watch list category. Colombia has ratified, but not yet fully implemented, the provisions of the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property (TRIPS). USTR has noted that music piracy has worsened in Colombia since 1998, with counterfeit CDs flooding the local market.

Patents and Trademarks: Two Andean Community decisions on the protection of patents and trademarks have been in effect in Colombia since January 1, 1994. The decisions are comprehensive and significantly improve standards of protection of intellectual property in the Andean Community countries. For example, they provide a 20-year term of protection for patents and reverse the burden of proof in cases of alleged patent infringement. The provisions covering protection of trade secrets and new plant varieties are generally consistent with world-class standards for protecting intellectual property rights. However, the decisions still contain deficiencies. Some of these deficiencies include overly broad compulsory licensing provisions; restrictions on biotechnology inventions; denial of pharmaceutical patent protection for patented products listed on the World Health Organization’s Model List of Essential Drugs, as well as for pharmaceutical products with a multiple or dual use “active principal;” lack of transitional (“pipeline”) protection; and lack of protection against parallel imports. In June 1996, Colombia ratified the Paris Convention for the Protection of Industrial Property, which went into effect September 1996.

The Andean Community decision on patent and trademark protection also provides for protection of confidential industrial information. Protected property includes that which is secret (not generally known or easily accessible to those who usually handle such information) and has an

effective commercial value or a potential commercial value as a secret. The decision requires that the person wishing to maintain the secrecy of a product take reasonable steps to ensure that secrecy.

The Ministers of Foreign Trade of the Andean countries are planning to adopt a new patent and trademark regime, reforming Decision 344 of the Andean Community. The pharmaceutical industry, which has been particularly affected by inadequate protection of confidential data, has requested Decision 344 be amended to ensure compliance with WTO requirements.

Colombia's trademark protection requires registration and active use of the trademark to prevent parallel imports. Trademark registrations have a ten-year duration and may be renewed for successive ten-year periods. Priority rights are granted to the first application for a trademark within the Andean Community or in any country granting reciprocal rights. Colombia is a member of the Inter-American Convention for Trademark and Commercial Protection.

According to U.S. industry, Colombia maintains a policy of promoting unbranded pharmaceuticals at the expense of the brands typically produced by multinational companies. Law 100 establishes that the Colombian people will be covered under a basic health plan by either social security or health promoting entities. The plan specifies that pharmaceutical products be supplied based on a list of only 307 generic substances, thereby threatening the brand-name pharmaceutical market in Colombia. Although this law remains in effect, local sources claim it is not adhered to in practice.

The Superintendency of Industry and Commerce acts as the local patent and trademark office in Colombia. This agency suffers greatly from inadequate financing and a backlog of trademark and patent applications exceeding 25,000. Enforcement in the trademark area remains generally weak.

Copyrights: President Pastrana in February 1999 issued a directive to all government and educational institutions to respect copyrights and avoid the use or purchase of pirated printed works, software and audio/video material. The Presidential directive emphasized that police would act against any copyright infringements, and was well received by U.S. public and private sectors. A new Intellectual Property Rights (IPR) Investigative Unit was created within the Colombian government's Office of the Prosecutor General. The IPR Unit started operating in November 1999, and it was formed in part to address U.S. concerns about the Colombian government's commitment to reducing copyright violations in the areas of television programming, records, books and software. The Unit has opened 140 cases against pirate TV operators as well as a case against several telecommunications companies accused of offering illegal "callback" services.

A major issue has been the need for the Colombian government to license legitimate pay television operators and to pursue pirate operators. As of June 2000, the Colombian government

has shown progress in cable television licensing. Colombia's Television Broadcast Law increased legal protection for all copyrighted programming by regulating satellite dishes, and enforcement has recently begun through a licensing process. In 1999, the Colombian National Television Commission (CNTV) made efforts to license legitimate pay television operators and to pursue pirate operators. By the end of 1999, 82 concessions had been granted to operators in municipalities with less than 100,000 inhabitants. Forty-six additional operators received licenses to operate in 25 larger cities. On November 26, 1999, the last of three bidding processes took place in which 10 additional operators in Colombia's largest cities were granted licenses. The majority of these new license-holders were required to be fully compliant, royalty-paying entities by June 2000, although some have been granted extensions. Efforts to pursue pirate operators resulted in initiating investigations of 282 suspected pirate operators, eight of which have so far incurred sanctions.

Andean Community Decision 351 on the protection of copyrights has been in effect in Colombia since January 1, 1994, and it provides a generally Bern-consistent system. Colombia also has a modern copyright law: Law 44 of 1993. The law extends protection for computer software to 50 years, but does not classify it as a literary work. Law 44 and Colombia's Civil Code include some provisions for IPR enforcement, which have been used to combat infringement and protect rights. Semiconductor layout designs are not protected under Colombian law. Colombia belongs to both the Bern and the Universal Copyright Conventions.

Colombia's 1993 copyright law significantly increased penalties for copyright infringement, specifically empowering the Prosecutor General's office to combat piracy. The most recent data suggests that counterfeit merchandise available in the Colombian market significantly affects U.S. industries, which continue to lose substantial revenue from piracy—\$151 million in 1997, \$185 million in 1998, and \$163 million in 1999, according to the International Intellectual Property Alliance (IIPA).

Adequacy of Laws and Regulations Governing Commercial Transactions

Colombia's civil codes define commercial entities' legal rights and outline enforcement procedures regarding commercial activities. Enforcement mechanisms exist, but historically the judicial system has not taken an active role in adjudicating commercial cases. The 1991 Constitution provided the judiciary with greater administrative and financial independence from the executive branch, and Colombian courts have tended to behave more independently and unpredictably ever since. The Colombian judicial system continues to be clogged and cumbersome.

Major Taxation Issues

To assuage investor concerns over unexpected changes in the tax code, the Colombian Congress passed legislation in 1995 ("The Special Tax Stability Regime") authorizing the government to enter into corporate contracts that guarantee a fixed tax rate for up to ten years. In return for this

guarantee, the company pays an additional two percentage points in corporate income taxes. President Pastrana has pledged to eventually eliminate the two percent fee.

Reinvestment of corporate profits in Colombia for a period of five years or more allows the taxpayer to avoid the otherwise mandatory seven-percent dividend income withholding tax or seven-percent remittance tax (depending on the method of repatriation.) Income derived as capital gains is taxed at a 35 percent rate.

In December 1998, the Colombian Congress passed a major tax reform law (Law 488.) Inter alia, Law 488: created an income tax deduction of up to 125 percent of donations made to non-profit organizations dedicated to the protection of human rights; lowered the valued added tax (VAT) from 16 percent to 15 percent effective November 1, 1999; increased the “stamp tax” paid on all written contracts from one to one and half percent of the contract’s total value; and established a Unified Tax Regime (UTR) for small taxpayers which aims to facilitate tax collection from entrepreneurs and small businesses by allowing them to assess their own tax liability in a presumptive manner. The UTR should be especially useful to non-salaried or contract expatriates on assignment in Colombia who would otherwise be subject to cumbersome tax requirements.

A “war tax” on the export value of crude oil, gas, coal and nickel from fields or deposits that began production after December 31, 1994 will remain in force until 2000. The war tax will vary from 0.6 percent to 4 percent depending on the product. As well, the Colombian government requires that all corporations invest 0.6% of their liquid patrimony in “peace bonds.” These freely negotiable bonds have a return equal to 110% of the official inflation rate, and a seven-year term. The peace bond program is to provide financing for the government’s peace process and will remain in effect until May 2001.

In November 1998, the government decreed an economic emergency in the country to address the crisis in the financial system. One of the measures decreed was a 0.2% emergency tax on financial transactions, to be used to recapitalize public banks and financial cooperatives, which were the most affected by the crisis. Proceeds from this tax were later also dedicated to reconstruction of Colombia’s coffee-growing region, which was hit by an earthquake in January 1999.

In May 2000, the Colombian government submitted to Congress a tax reform bill, which aims at improving tax collection, reducing the income tax from 35% to 32%, while extending the 0.2% tax on financial transactions until year 2002.

Performance Requirements/Incentives

Incentives: The government provides a number of incentives for exporters and importers of certain capital goods. The most widely utilized such programs are the Plan Vallejo and the

CERT. The Plan Vallejo provides for the duty-free entry of capital goods and materials to be used in production of export goods. In order to qualify for this tax exemption in the case of capital goods, the producer must show that at least 70 percent of the product produced by the newly acquired capital good is exported. In the case of raw or partially finished materials, the producer must export a value equal to 1.5 times that of the value of the imported materials as determined by Colombian government customs.

Law 48 of 1983 created the tax-reimbursement certificate (CERT). This certificate is a form of tax incentive issued to Colombian exporters; has a two-year maturity, it is freely negotiable and can be sold in the secondary market. It can be used to pay taxes on income, customs duties and certain other indirect and direct taxes on exports. The CERT program is intended to promote non-traditional export products (coffee, petroleum, and petroleum by-products are specifically excluded). The amount of the CERT is calculated as a flat percentage of the value of goods exported, and varies by product and destination. In Accordance with Colombia's commitment to phase out CERTs by 2002, to comply with WTO requirements, CERTs' face value rates were decreased, and currently range from zero percent to 4.5 percent. It should be noted that CERT money is not available for exports to the U.S. or Andean Community countries, or for production originating in free trade zones.

Export credit: The foreign trade bank (BANCOLDEX) provides funds for working capital and equipment purchases dedicated to the production of exported goods. BANCOLDEX also provides discount loan rates to foreign importers of Colombian goods.

Preferential Export/Import Policies: Preferential export/import policies exist, primarily in the agricultural sector. Colombia maintains minimum preference prices for basic agricultural commodities, which are supported by flexible tariffs on imports. This "price band" system, which is intended to protect domestic farmers from foreign competition, is a variable import duty system applied on agricultural products, based on Andean Community board-determined ceiling, floor, and reference prices, adjusted to a CIF basis. In practice, this forces foreign exporters to raise prices to domestic support levels.

Import Licenses: Colombia has two types of import licenses. The most common is a standard import registration form known locally as "Registro de Importacion," which all importers must complete. These forms are for record keeping/statistical purposes and are available at the Ministry of Foreign Trade. The other license applies to closely monitored, sensitive products such as precursor chemicals and weaponry. The majority of "used" goods, such as personal computers, cars, tires, and clothing, are effectively prohibited from import, and those that are allowed (e.g., used medical equipment) are subject to prior licensing. Most agricultural products are issued automatic import licenses, but when the Ministry of Agriculture determines that domestic production could suffer, imports can be prohibited over indefinite periods of time. Since 1994, the Ministry of Agriculture must approve import licenses for many agricultural items that compete with domestically produced commodities.

Promotion: The quasi-public organization PROEXPORT engages in a variety of marketing and promotional activities in support of Colombian exports. It provides information on market access and business opportunities as well as organizes international trade shows and missions. PROEXPORT has offices in over 18 major foreign cities, many located in the United States. Over the last years, PROEXPORT has been making an effort to diversify Colombian exports, which have been traditionally concentrated in only a few products, namely coffee, petroleum, and flowers.

Taxes: See Section VI –Trade Regulations and Standards

Access to markets: In accordance with Andean Community Decision 291 of 1991, foreign investors now have the same access to Andean markets as domestic investors.

Performance Requirements: Labor laws require that, absent an exemption, at least 90 percent of a company's general work force and 80 percent of management must be Colombian nationals. Local content requirements exist in the automotive assembly sector as outlined in decree 440 of March 1995 and Resolution 323 of November 1999 of the Cartagena Agreement, covering Colombia, Venezuela and Ecuador. As of June, 2000, a minimum of 23 percent of local content (programmed to increase to 34 percent by 2009) is required for passenger vehicles carrying up to 16 persons, and cargo vehicles carrying up to 10,000 lbs., to meet national origin standards. For all other vehicles, the requirement is 17-18 percent. Penalties will be established to enforce compliance with these percentages.

Colombia continues to assert its right to maintain an import licensing measure that requires agricultural processors in Colombia to purchase certain percentages of locally produced agricultural products (under what are called absorption agreements) in order to obtain a license to import such products. The Colombian Government claimed this to be a trade-related investment measure and so notified the WTO; however, it did so after the deadline for such notifications.

As part of the de-monopolization of the government-owned television network, Colombia passed the Television Broadcast Law (Law 182/95, effective January 1995) which increased protection for all copyrighted programming by regulating satellite dishes and permitting private television broadcasters to compete with the government-owned broadcaster. Foreign direct investment in the Colombian motion picture industry is permitted, but limited to 15 percent of the total capital of local TV programming production companies. The law increased restrictions on foreign content in broadcasting, and included a complicated, burdensome system of sub-quotas for different hours of the day; national television broadcasters must transmit at least 70 percent locally produced programming during prime time and 40 percent during other times. Regional channels and local stations must transmit at least 50 percent locally produced programming. Retransmissions of local production are calculated to fulfill only part of the national content requirement. Foreign talent may be used in locally produced programming, but limits are set by

the quasi-independent National Television Commission (CNTV).

Appropriate visas or other permits must be obtained for residents and for visitors conducting business over extended periods, but the Colombian Government does not impose unduly burdensome visa, residence or work permit requirements.

Regulatory System

As is the case with many developing countries, Colombia suffers from a relatively high industrial concentration in a few large conglomerates, a lack of effective antitrust laws and long-term credit, and underdeveloped stock markets not yet able to generate growth through equity financing.

Procurement: Law 80 (1993) is Colombia's guiding government procurement and contracting law. It grants equal treatment to foreign companies on a reciprocal basis and eliminates the 20 percent surcharge previously added to foreign bids. In implementing Law 80, the government instituted a requirement that companies without local headquarters must certify government procurement reciprocity in the home country. In June 1995, the U.S. Embassy began issuing certificates of reciprocity, which has proven successful in meeting this requirement. Law 80 does not apply to contracts for the exploration and production of renewable or non-renewable natural resources, their commercialization, and those activities performed by state companies involved in these sectors; nor does it apply to contracts for telecommunications, radio, mail and courier, television, and long-distance telephone services. Other laws govern these contracts, and suppliers to these sectors are selected through special licensing procedures. Colombia is an "observer" of, but not a signatory to, the WTO Agreement on Government Procurement (also see Chapter IV –Marketing U.S. Products & Services). Several U.S. companies have expressed concern about a perceived lack of transparency in bidding processes.

As of June 2000, the Colombian government has decided to submit to Congress a bill reforming Law 80 in the next legislature. The bill would prohibit donors to political campaigns from participating in contracts or bidding processes offered by their beneficiaries. It would require that privatized companies maintain the same regime (same rules and regulations) as public companies. The bill would also eliminate no-bid contracts and would treat foreign and domestic bidders equally. This means that foreign bidders in public contracts would receive the same treatment as in their own countries, and contracting parties would not be allowed to demand transfer of goods and services from abroad.

Bureaucratic Procedures: President Pastrana issued a series of decrees to eliminate burdensome bureaucratic procedures in June 1999. The decrees reformed various formal procedures with the aim of reducing paperwork and improving customer service. For example, one decree significantly reduced the number of steps required to obtain copies of public records; another reduced the time required to receive an environmental permit from 120 days to 60 days.

Corruption

Corruption is a major subject of public debate. Several current and former members of Congress are incarcerated or under investigation for accepting campaign funds and other benefits from drug traffickers. A scandal over the operations of the House of Representatives led to the resignation of the President of the House and other leaders. Weak law enforcement and border controls provide much opportunity for contraband smugglers; in 1999, the Colombian government estimated that drug traffickers smuggled \$5 billion annually in contraband into the country as part of their money laundering operations. Corruption in the National Tax and Customs Directorate (DIAN) itself is an impediment to the Colombian Government's fight against contraband and related crimes, although current leadership has made a significant effort to improve the situation. The U.S. Customs service is working with DIAN to improve the latter's efficacy in curbing contraband and corruption.

The National Planning Department (DNP) estimates that Colombia loses approximately \$500 million annually due to corruption. The Comptroller General's Office reported on March 30, 2000, that 316 cases of corruption and mismanagement in public entities resulted in financial losses of approximately \$600 million during 1999. The Anti-Corruption Office of the Presidency estimates that losses due to corruption amount to \$1 billion each year. That office received 2,263 complaints of corruption between November 1999 and June 2000, of which 673 resulted in formal investigations, and 368 resulted in formal charges against public officials. Additionally, the IMF estimates tax evasion in Colombia at approximately \$500 million. Each year the government makes provisions of approximately \$600 million to pay for legal complaints against the state, usually for irregularities by public officials.

Enforcement: Problems continue to arise not only at the law enforcement level, but also at the judicial level, where complaints about lack of respect for preservation of evidence and perjury have been made.

Under the Colombian constitution, the Comptroller, who is independent of the Executive Branch, is charged with rooting out public corruption. However, the Prosecutor General's Office (Fiscalia) is the only entity with authority to press criminal charges and prosecute.

Title III of the Colombian Penal Code addresses crimes against public administration committed by public officials (e.g., embezzlement, extortion, bribery, illicit contracts, influence, illicit enrichment, dereliction of official duty, and misuse of authority). Law 190 (the "Anti-Corruption Statute") amends Title III to include money laundering as a crime and adds three to 15 year prison terms for violations of the statute. Law 200 sets forth a single disciplinary code for public officials/employees. Coupled with Law 190, Law 200 establishes norms for the performance of public servants and a range of administrative and criminal sanctions for non-compliance.

To intensify the anti-corruption fight, President Pastrana enacted several decrees in June 1999. The decrees focus on strengthening and streamlining the agencies engaged in anti-corruption activities and making the directors of these institutions presidential appointees. As well, the decrees create a public patrimony directorate charged with administering and protecting major state investments. Several decrees aim to counter the estimated 30 percent customs/tax avoidance rate. DIAN is to acquire a special administrative unit under the Ministry of Finance with its own resources, as opposed to its current dependent status within the Ministry. Additionally, procedures are supposed to be enacted making it easier to fire corrupt officials.

As of June 2000, 19 public officials have been temporarily suspended and 13 have been dismissed due to criminal charges against them for allegations of corruption. The Social Security Institute (ISS) is the public entity with the largest number of criminal processes pending resolution—currently 91—followed by regional corporations with 78, electric companies with 70, the state-owned long distance telephone provider (TELECOM) with 56, the Family Welfare Institute (ICBF) with 51, the National Training Service (SENA) with 34, the Agricultural Bank with 24, the Civil Aviation Authority (Aerocivil) with 23, and a state pension fund (Cajanal) with 18. Other entities with pending processes are the city planning authority (Inurbe), the road building authority (Invias), the state commercial bank (“Banco del Estado”), the sports authority (Coldeportes), and the prison authority (Inpec). Additionally, two cases in the Ministry of Transportation (Dragacol and Foncolpuertos) constitute the greatest scandals in recent years, as they entail misuse of as much as \$500 million.

Labor

According to the Labor Ministry, official unemployment stood at 20.2 percent as of March 2000 (the highest unemployment rate in Colombian recorded history). Experts believe much of national unemployment is structural, or due to a mismatch between the skills of Colombian employees and the educational/skill requirements of the Colombian market—a gap which has widened substantially since 1991 apertura. An additional 20 percent or so of the 15 million-strong Colombian labor force is considered to be under-employed, often working in the informal sector. According to a 1997 labor census update, approximately five percent of the Colombian work force is organized into over 2,432 unions, but the high level of unemployment and weak union organization, have limited workers’ bargaining power in all sectors. The standard workweek is six days/48 hours; the legal minimum wage in 2000 is 260,100 pesos (about \$120/month), plus benefits. Roughly one-fourth of the work force earns the minimum wage.

The Colombian Constitution prescribes equal rights for women workers, the right to organize and to strike (except for the military, police and essential public employees), the right to organize and engage in collective bargaining, universal education, and expanded social insurance coverage. The Constitution also calls for the incorporation of ratified international labor conventions into the labor code. Labor regulations are virtually unrecognized in the large informal sector of the economy. As of August 1999, the Ministry of Labor had approximately 260 labor inspectors to

cover 1,075 municipalities and more than 300,000 companies. Approximately 30 of those inspectors were removed from their positions in the first quarter of 2000 as a result of the GOC's restructuring program.

A number of trade-union leaders have been murdered, and threats, harassment, and acts of violence against trade-union officials abound. This situation has led to cases being lodged against the Government of Colombia by the Latin American Central of Workers (CLAT), the World Federation of Trade Unions (WFTU), the International Confederation of Free Trade Unions (ICFTU) and the International Labor Organization (ILO). In September 1998, the CLAT reported that at least 1,200 Colombian union members and leaders had been killed between 1991 and 1998. The ILO claims that more than 300 Colombian union members were killed between 1995 and 1998. The ILO and the Colombian government have been in consultation on this subject.

Labor problems continued to plague various state-owned companies, particularly in the telecommunications and oil sectors, as they opened up to competition. Strikes have occurred regularly since 1995 in the state oil giant ECOPETROL, public financial entities, and the electricity, transportation, health and education sectors.

The Samper government kept labor unrest in check by repeatedly acceding to worker demands even when it meant inflationary wage increases. The Pastrana Administration, in contrast, has met labor unrest with firmness and in most cases resolved disputes without major new expenditures. This held true even as the deepening recession in Colombia, and government plans for fiscal retrenchment, provoked increasing levels of labor disaffection through late 1998 and into 1999. In late 1999 and early 2000, the Pastrana administration faced several roadblocks by protesting peasants and rural workers, on main roads such as the one connecting Bogota and Medellin and that between Bogota and the Caribbean coast. Other roadblocks were built by protestors in Saravena (Arauca Department) and Cerrito (Santander Department). Another was mounted in the southern Bolivar Department to protest against creation of a possible zone for peace conversations with the ELN guerrillas in that region. In this period, the main labor unions organized several strikes, such as the one by workers of Popular and BCH Banks in November 1999. In December 1999, other strikes by workers in the health sector, and public school teachers affected the labor climate in the country. A brief national strike by public workers occurred in March 2000. Also in March, a strike by retailers in la Guajira Department protested against the government's decision to control contraband in the region, affected coal exports from the main mines located in la Guajira for several weeks.

In June 1999, the government brokered an agreement, after four months of negotiations, between ECOPETROL and USO, the powerful oil workers union. The agreement granted worker raises slightly above expected 2000 inflation. USO and Ecopetrol reached a new collective bargaining agreement in May 1999. Such agreements are signed every two years.

Law 100 of 1993, which reformed the social security system, continues to have a major impact on Colombian employers and workers. The law raised labor costs for employers, so that total costs, including parafiscal, medical insurance and other mandated payments, reached 53 percent over wages. These high costs, and the overall inflexibility built into the labor code, are partly responsible for the current record unemployment. While ministerial efforts to relax the labor code are underway, an increasing number of Colombian employers are seeking to cut costs by hiring labor from associative work cooperatives. Under Colombia's 1988 law on cooperatives, this labor is not subject to all the pension, parafiscal and other payments required in standard hiring. Up to two million Colombians are reportedly now affiliated with such cooperatives.

Restructuring Colombia's troubled pension system remains a major challenge. A first step was taken on December 28, 1999, when Congress passed Law 549, which created and regulated a national pension fund for territorial entities (FONPET). The Ministry of Finance established accounts in public or private pension funds, trust companies or insurance companies, for each of the regions' FONPET deposits. The Colombian regions may not withdraw the funds deposited in their accounts until 100 percent of their pension liabilities are covered. This aims at ensuring that FONPET serves the purpose of financing the pension-related part of the fiscal deficit. However, full funding to meet this obligation has not yet been found.

Capital Markets and Portfolio Investment

Since the opening of the Colombian financial sector in 1991, government policies have facilitated the free flow of financial resources to support industrial growth and development. Local companies also benefit from access to foreign financing through the capital markets.

Banking and Finance: The legal and regulatory framework of the Colombian financial system is based on the principle of specialized, legally distinct financial sub-sectors. These sub-sectors include commercial banks, savings and housing corporations, investment banks and commercial finance companies. Ownership remains oligopolistic; one group controls more than a quarter of Colombia's total financial sector. The number of financial institutions increased considerably between 1990 and 1995, going from 94 up to 201 institutions during that period. The number of institutions began to decrease since 1997 due to mergers and acquisitions in the sector. As of December 1999, the total number of financial institutions had decreased to 133. The government is to merge and/or eventually sell most state-owned banks. The government's professed goal is to be left owning only the state agricultural bank (Banco Agrario). Bank sale proceeds are to go into shoring up Colombia's FDIC-equivalent, FOGAFIN.

The financial sector regime was reformed in 1999. Law 510 passed by Congress in June 1999 restructured the sector, the Banking Superintendency established demanding requirements in portfolio risk qualification, and the Constitutional Court pressed the government towards implementing a new law for household financing (see above, Law 546/99).

Throughout 1999, the Colombian financial sector had to face a serious economic recession and resulting financial difficulties, notably a severe “credit crunch.” Financial entities were not eager to provide new credit in a higher risk situation, and customers were reluctant to undertake major new consumption or investment decisions. By year-end financial institutions had registered losses of approximately USD 1.4 billion, USD 258 million more than the losses registered in 1998. Public banks were particularly affected by the crisis with losses of approximately USD 982 million. Since Colombia’s banking crisis of the early 1980s, official oversight has improved. In 1995, Colombia’s Banking Superintendency set forth revised capitalization requirements based on the framework developed by the Committee on Banking Regulations and Supervisory Practices at the Basel Bank of International Settlements. The framework established five asset categories, each with its own risk rating.

With respect to the exchange rate, until September 1999, the Central Bank administered a price-band system within which the price of dollars was permitted to fluctuate within a set range. The Bank intervened in the market by buying or selling dollars to keep the dollar’s price in pesos within the band. On September 25, 1999, the Central Bank abolished the foreign exchange band. It now intervenes to control volatility but does not attempt to defend desired rates of exchange. In May 2000, the Board of Directors of the Central Bank issued Resolution No. 8, authorizing stock brokerage firms to act as intermediaries in the foreign exchange market. That means that stock brokerage companies are now authorized to trade foreign currency in operations related to foreign trade or foreign investment.

In March 1997, the Bank of the Republic created a reserve requirement on all foreign loans over six months, designed to reduce the amount of foreign private debt. Thirty percent of all proceeds from foreign loans were required to be left on deposit with the Central Bank in a non-interest bearing account for 18 months. Since 1998, the Central Bank has gradually removed its deposit requirements on foreign borrowing. The deposit requirement was reduced to 25 percent in February 1998, and was again reduced to ten percent in September 1998, as a means to increase liquidity, lower interest rates and reduce pressures on the price of the dollar. In January 1999, in an effort to stimulate imports, the Bank of the Republic completely removed the deposit requirement for import-related borrowing while maintaining a 10 percent deposit requirement on export-related foreign borrowing operations, which was completely removed on April 28, 2000.

In August 1999, several of Wall Street’s premier bond rating agencies revised their outlooks on Colombia to “negative,” downgrading the country’s sovereign debt to triple B-. The agencies cited Colombia’s faltering peace process, increased security fears, and poor macroeconomic indicators. In June 2000, the firm Thompson Financial Bankwatch, which opened an office in Colombia in 1999, downgraded the country’s sovereign debt from “stable” BB+ to “negative” BB-, citing political instability and increasing violence.

Related Party Transactions: Decree 663 stipulates that loans to a financial institution’s principal officers, their relatives or shareholders with a five percent or greater stake must be unanimously

approved by the financial institution's board of directors. Loans to related parties (except those made to employees as part of health, housing, education, or similar programs) must not be offered at terms more attractive than those offered to non-related parties. Financial institutions are prohibited from making loans to broker-dealer, fiduciary, and pension fund management subsidiaries.

Stocks and Bonds: The three public exchanges (Bogotá, Medellín, and Occidente) reported a total volume of approximately \$26 billion in 1999. The Bogotá exchange accounted for 56.9 percent of this volume; the Medellín and Occidente (Cali) exchanges for 32.4 percent and 10.7 percent, respectively. Total market capitalization of the most widely traded companies in 1999 was approximately \$15.5 billion. The Colombian securities market is small. Although it enjoyed high rates of growth after the 1990 reforms, in nominal terms, 1999 volume was 12.4 percent lower than in 1998. In 1999, transactions of debt-type securities accounted for 95.3 percent of all transactions, with stocks representing the remaining 4.7 percent. Private bonds made up 13.6 percent of volume, while public bonds accounted for only 4.7 percent; 27.3 percent of total volume was in certificates of deposit, 34.3 percent in treasury bills (TES), and the remaining 15.4 percent in other types of securities (so-called TP's, TAC's, Cedulas Hipotecarias, etc). This is primarily due to capital outflows from foreign investment funds, and low interest rates during most of 1999. The stock market has suffered from international perception of Colombia as a high-risk environment.

By law, Colombian financial entities must comply with minimum investment requirements in government paper to promote social investment. For example, almost all banks and credit institutions are mandated to invest at least 2 percent of their liabilities in TDAs (agricultural development bonds.) Additionally, pension funds, insurance companies and mutual funds have regulated investment regimes in which government paper is classified as "eligible securities." Therefore, much of the market is represented by securities issued or backed by the government—approximately 17 percent of total transactions in 1999.

The securities market is regulated by the Superintendency of Securities (Supervalores), which answers to the Ministry of Finance. Supervalores oversees the exchanges, regulating market intermediaries, brokers' fees and the financial disclosures of listed companies. The Superintendency of Banks assumes some of the functions of Supervalores with regards to pension fund trading.

The Superintendency of Securities has promulgated regulations aimed at ensuring transparency and honesty in the marketplace. These rules address registration of shares, processing of orders and the broker-client relationship. Most notable are the requirements for a standardized prospectus, financial reports and accounting procedures. Listed companies must present quarterly financial disclosures and annual, externally audited financial statements.

The exchanges are self-regulating within the guidelines set by the Superintendency of Securities.

They set admission policies, monitor transactions, conduct audits of brokerage activities and enforce rules through their disciplinary bodies. Typically, complaints involve routine matters such as failure to settle a transaction within a fixed time period. Enforcement is less diligent than in the U.S.

The institutions responsible for policing the exchanges include the National Registry of Stocks, the Central Depository of Stocks and the Centralized Depository of Stocks of Colombia (DECEVAL). The National Registry is maintained by the Superintendency of Securities to enroll market intermediaries and listed companies. The Central Depository and DECEVAL ensure smooth transactions by providing a central holding place for stocks.

Insider trading is prohibited, but there is little protest or action when it occurs. Sanctions have been rare.

Ownership Limitations: Current legislation prohibits foreign investment funds from acquiring more than ten percent of the outstanding voting shares of any Colombian company. Any transaction resulting in an individual or corporation holding 10 percent or more of a company's capital stock must receive prior authorization from the Superintendency of Securities, which bases its decision on the candidate's professional experience and education, financial solvency and character, and the proposed transaction's likely effect on the general welfare. However, as explained above, the government of Colombia approved in principle on June 1, 2000 new rules governing foreign portfolio investment, in which limits on acquisition of shares are to be eliminated. The new decree detailing the changes will be issued soon.

"Cross-shareholding" and "stable shareholder" agreements are not used by private firms to restrict foreign investment through mergers and acquisitions. Likewise, private firms are not authorized to adopt articles of incorporation/association which limit or prohibit foreign investment, participation, or control.

Conversion and Transfer Policies

No restrictions apply to transferring funds associated with foreign investment. The only condition is that foreign investment into Colombia must be registered with the Central Bank within three months of the transaction date.

Foreign investors consider Colombia's conversion and transfer policies to be among the main incentives for investment. For example, the government permits full remittance of all net profits regardless of the type or amount of investment (previously limited to 100 percent of the registered capital). As well, there are no restrictions to remittance of revenues generated from 1) the sale or closure of a business, 2) a reduction of investment, or 3) transfer of a portfolio.

Colombian law authorizes the government to restrict remittances in the event that international

reserves fall below three months' worth of imports. Reserves uninterruptedly have been at least double that level for decades.

Expropriation and Compensation

The 1991 Colombian Constitution permits expropriation of private property in cases of public necessity (e.g., for a metro system) and/or social interest (e.g., agrarian reform). The general procedure requires the legislature to pass a law authorizing a project and the necessary expropriation. An administrative act then defines the property to be expropriated. The government and private property holder negotiate the amount of indemnification, based on the principal of "adequate and reasonable" compensation. If agreement is reached, the matter ends. If not, the local government must authorize expropriation and seek judicial approval. If obtained, the judicial decision establishes the amount of compensation. Colombia has not expropriated the property of a foreign investor in the past 50 years.

In June 1999, both chambers of the Colombian Congress unanimously approved the repeal of the clause in the Constitution's Article 58, which had theoretically provided for "expropriation without indemnification." Colombian law now guarantees indemnification in expropriation cases.

Dispute Settlement

Law 315 permits the inclusion of an international binding arbitration clause in contracts between foreign investors and domestic partners. The law allows the parties to set their own arbitration terms including location, procedures, and the nationality of rules and arbiters. In the absence of an arbitration clause, Colombian law mandates that the dispute go before a Colombian judge for settlement.

Colombia is a member of the New York Convention on Investment Disputes, the International Center for the Settlement of Investment Disputes (ICSID), and the Multilateral Investment Guarantee Agency (MIGA).

Despite these memberships and Law 315, various U.S. companies have been burdened by Colombia's inadequate dispute settlement process. One U.S. company, for example, has been pursuing since 1982 an investment/contracting claim with the Colombian Government related to the discovery of a treasure-laden Spanish galleon off the coast of Cartagena. As of June 2000, the dispute remains before Colombian courts.

Political Violence

Colombia has three main insurgent groups—the Revolutionary Armed Forces of Colombia

(FARC), the National Liberation Army (ELN), and the Popular Liberation Army (EPL) – whose combined numbers total approximately 25,000. President Andres Pastrana came to office with the prime objective of achieving an end to Colombia's civil conflict. The government of Colombia and the FARC guerrillas are in formal peace negotiations, and the FARC has been granted a demilitarized zone in east-central Colombia. Fighting, however, continues. The government and the ELN guerrillas are in permanent contact. Here too, fighting continues.

The threat of urban narcotics-related violence and terrorism is less than in the late 1980's/early 1990's, when the Medellín drug cartel led by Pablo Escobar waged a war against its rivals and the Colombian Government. By the end of 1996, almost all the main Medellín and Cali drug cartel kingpins were either in jail or dead. Drug-related violence continues to constitute a serious security problem, however, especially in rural, coca-growing areas. In the last several years both the guerrillas and paramilitaries have become involved in various aspects of narcotics, principally the protection of coca crops and cocaine processing laboratories.

The insurgents (particularly the ELN, but increasingly the FARC) have targeted petroleum infrastructure, particularly Occidental Petroleum's Cano Limon-Covenas pipeline. The guerrillas have the capability of carrying out attacks on U.S. or U.S.-related targets but their primary kidnapping targets remain local politicians, wealthy Colombian nationals and foreign professionals working in rural areas. They also conduct road blockages, hijack commercial cargo, and "tax" materials transported through their areas of influence.

Guerrilla actions, and the state's limited ability to combat them, have prompted development of illegal paramilitary organizations across much of northern—and, increasingly, southern—Colombia. Paramilitary violence, primarily targeting civilians suspected of collaborating with the guerrillas, has increased sharply since the mid-1990s. While paramilitaries have not targeted U.S. interests, they have contributed to the overall increase in violence in rural Colombia and threaten to expand their operations to urban areas.

Kidnapping by guerrillas, paramilitaries and criminal gangs is a major problem. Insurgents kidnap as much for reasons of ransom as to obtain political attention. Between April and June 1999, the ELN guerrillas hijacked a domestic airliner with 50 passengers, took 150 churchgoers hostage in an upscale Cali neighborhood and kidnapped several sports fishermen in Barranquilla. The guerrillas have not only kidnapped but killed U.S. citizens in recent years. The FARC kidnapped and later murdered three American environmental activists in early 1999 in Arauca Department. Three American citizen missionaries remain unaccounted for since their seizure by the FARC in January 1993.

Random violence and petty crime are also common. With an overall homicide rate ten times that of the United States, Colombia continues to be listed among the most dangerous countries in the world. For all these reasons, U.S. diplomats and businesspersons resident in Colombia are at considerable risk and take substantial precautions.

Bilateral Investment Treaties

The objectives of a Bilateral Investment Treaty (BIT) are to protect U.S. investments abroad, to encourage adoption of market-oriented domestic policies in the foreign country, and to support the development of international legal standards consistent with these objectives. BITs provide investors with six basic benefits: 1) the better of national or most-favored nation treatment; 2) limits on expropriation of investments, including requirement for prompt, adequate and effective compensation; 3) free and timely repatriation of profits; 4) the prohibition of performance requirements; 5) the right to submit an investment dispute with the treaty partner's government to international arbitration; and 6) the right to employ top managerial personnel regardless of nationality.

The June 1999 repeal of the clause allowing expropriation without indemnification in the Colombian constitution removed the principal stumbling block to the negotiation of a U.S.-Colombian BIT, although one has not yet been reached. The reform also paved the way for Colombian ratification of BITs previously negotiated with Great Britain, Peru and Cuba. As well, Colombia is now well positioned to initiate or complete negotiations with Spain, France, Canada, Japan, Germany and China. In early 2000, Colombia and Chile signed an investment protection agreement.

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) provides political risk insurance for U.S. businesses and investments abroad. OPIC revived coverage of U.S. investments in Colombia in April 1998, after a two-year shutdown due to Colombia's "decertification" by the U.S. for inadequate counternarcotics cooperation. Since restoration of its Colombian insurance program, OPIC has maintained a portfolio of \$914 million in the country. Nearly 3,000 jobs and almost \$1 billion in government revenue are expected to result from current OPIC-supported projects. OPIC's pipeline of projects includes 17 projects with a potential \$1.7 billion investment in Colombia. Examples of the type and scale of investment projects handled by OPIC in Colombia include power plant construction, natural gas pipeline construction and gold mining operations. The Mamonal project (now owned by KMR Power Corporation), a natural gas-fired generation facility being built in Cartagena, is supported with \$35 million in OPIC financing and over \$56 million in political risk insurance. Other examples of projects supported by OPIC in 1999 are two Citibank projects on financial and telecommunication services with over \$36 million in insurance, and one mining project by Sector Resources Ltd. with over \$12.9 million in insurance. Colombia is the second highest ranking country in OPIC's portfolio for insurance against political violence. OPIC is currently committing approximately \$618 million of insurance for U.S. investment in the country against political violence. Political violence coverage compensates for property and income losses caused by violence undertaken for political purposes. Declared or undeclared war, hostile actions by national or international forces, civil

war, revolution, insurrection and civil strife, are all examples of political violence covered by OPIC. OPIC pays compensation for two types of losses: business income losses and damage to tangible property. An investor may purchase one or both coverages.

Capital Outflow Policy

Colombia does not restrict export of capital or outward direct investment. Colombia's foreign direct investment (FDI) abroad reached USD 622 million in 1999—a decrease of 36% from 1998, according to Central Bank figures. New investment in Venezuela, Peru, and Ecuador accounted for almost 30 percent of Colombia's total investment abroad.

Foreign Direct Investment Statistics

New Foreign Direct Investment (FDI) declined in 1999. According to the Colombian Central Bank, new 1999 FDI totaled approximately \$4 billion, representing a drop of nearly \$183 million below the 1998 figure. This drop is attributable to several factors, including political uncertainty, a steep decline in oil sector related investment and a fall in privatization receipts.

TRADE AND PROJECT FINANCING

The Financial System

Banks/Financial Institutions: As of July 2000, the Colombian financial system consisted of: thirty commercial banks (of which five are government-owned) and the Colombian Export Promotion Bank BANCOLDEX, 35 representative offices of foreign banks, 6 savings and loan corporations (CAVs), twenty development banks (also known in Colombia as "corporaciones financieras"), 43 commercial finance companies (including 32 former leasing companies being converted into finance companies, which are also merging among themselves), 41 trust companies ("fiduciarias"), 26 insurance companies (two governmental), and a state-owned mortgage bank. Smaller players in the financial system include 11 pension and investment funds, 24 livestock financing funds, and 4 credit card networks. There are three stock exchanges, one each in Bogotá, Medellín, and Cali.

The financial market is dominated by commercial banks which generally lend on a short term basis (two thirds of commercial bank loans are for periods of six months or less). U.S. investment has contributed to the modernization of the banking system in Colombia over the last seventy years, but no U.S. bank has come to occupy a dominant position in the market; U.S. presence in Colombia's financial system is relatively small. By mid 2000 the thirty commercial banks (with more than 3,100 offices throughout the country) accounted for 45 percent of the total financial system assets.

Due to financial difficulties, reduction of legal equity, lack of mandatory capitalization and/or bad managerial practices, there have been interventions by the Banking Superintendency in the affairs of several financial institutions during the last year. However, the main reasons for the difficulties encountered in the sector are due to the economic recession suffered by the country over the past two years. The Superintendency goal is to restructure and reduce the number of institutions in the sector to 17 medium-sized and large banks. Two commercial banks (Pacífico and Andino) are being liquidated, and another (Selfin) was taken by government late in July 1999 to be liquidated; two government-owned banks merged (Estado and Uconal); the largest government-owned bank (Caja Agraria) was liquidated and replaced with the new Banco Agrario to serve the agricultural sector. FES, the largest financing company was taken over by the government to be capitalized and re-sold to the private sector. Three other banks (Superior, Interbanco and Union) got FOGAFIN individual loans to comply with the mandatory levels of capitalization; these banks were under special monitoring by the Banking Superintendency during the period July-December 1999.

Foreign investors experience no discrimination in access to local credit. While the Colombian Government still directs credit to some areas (notably agriculture), credit is, for the most part, allocated by the private financial market. Credit subsidies are available in certain circumstances such as agriculture and technology investment and infrastructure in free trade zones. The Government believes in incentives for foreign investment and is currently in the process of reforming key pieces of legislation, which would allow the promotion of foreign investment during the last two years of Pastrana's tenure. A bill was passed in Congress to eliminate Article 58 of the Constitution, which allows expropriation without indemnification.

In July, 1999, the GOC announced that they had entered in an agreement with the IMF to obtain a special US \$3 billion spare credit line devoted to support the macroeconomic reactivation program. By the end of 1999 the fiscal deficit represented 0.73 percent of the GDP. The 1999 forecast grew from 2.6 to 2.9 of GDP. The increase is due largely to a gap in the collection of US\$ 296,700 million and to non-budgeted funds allocated for the reconstruction of the coffee region after the January 1999 earthquake.

Colombia modernized the legal and regulatory framework governing its banking and financial entities as a result of the financial crisis of 1982. The crisis was brought on by, inadequate capitalization, high-risk currency operations abroad, poor administration, and low productivity. The Colombian Government responded to the crisis (in which a number of banks failed) by nationalizing or intervening in banks, which in aggregate, controlled 85 percent of the financial system. In the late 1980s, as the health of the financial system improved, the government began planning the sector's liberalization, resulting in the enactment of three laws which laid the foundation for sector reform: Law 45 of 1990, Law 48 of 1990, and Law 9 of 1991. These laws redefined financial institutions and the framework within which they operate and expanded financial operations within the Colombian economy.

In 1993, Law 35 of 1993 established the rules under which the Colombian Government may

intervene in the financial sector. This law also provided for the transformation of leasing companies into commercial finance companies engaged in leasing and other consumer activities. Furthermore, it allowed savings and loan institutions to lend funds in areas other than construction and to participate as foreign exchange intermediaries.

The Colombian Banking Superintendency and the Board of Directors of the Central Bank are charged with implementing financial sector regulatory policies. The Central Bank is the independent regulatory authority for the monetary, currency exchange, and credit policies of the Central Government. It also acts as the fiscal agent for the Colombian Government by printing money, controlling currency circulation and international reserves. Furthermore, it has the authority to set maximum limits on the interest rates that commercial banks and other financial institutions charge on loans, and acts as their lender of last resort.

The Banking Superintendency supervises and regulates all financial institutions (including credit unions or “cooperatives” since early 1998), which must obtain authorization from the Superintendency before opening their doors for business. The Superintendency imposes administrative sanctions on violators of the established regulations or financial institutions’ bylaws. The Superintendency, with the approval of the Ministry of Finance, may intervene in the operation and management of a bank. This includes liquidation of assets if the bank suspends payment of its debts, refuses to allow the Superintendency to audit its books, repeatedly fails to follow Superintendency instructions, repeatedly violates laws or its own bylaws, repeatedly mismanages its operations, or if accumulated losses exceed fifty percent of the original capitalization of the bank.

Three other entities also regulate the Colombian financial system: the Ministry of Finance, the National Council for Economic and Social Policy (CONPES), and the Financial Institution Guarantee Fund (Fogafin).

Reserve and Foreign Currency Requirements: Decree 663 stipulates that commercial banks (as well as all other limited liability stock corporations) maintain certain minimum legal reserves. Each limited liability stock corporation is required to allocate ten percent of its net income annually to its legal reserves until they equal fifty percent of its outstanding capital stock. Subsequent increases in outstanding capital stock require corresponding increases in legal reserves. Reserve requirements may range from five to seventy percent and must be carried substantially as cash or deposits in the Central Bank. The reserve for non-government demand deposits is approximately 28 (21+7) percent for regular deposits and 12 (5+7) percent for CDTs.

Although obviously designed in part as monetary control measures and to assure funding of certain government programs, these requirements coincidentally provide an excess margin of liquidity.

The Central Bank requires that commercial banks maintain a maximum foreign currency position through the purchase of dollars equivalent to twenty percent of their foreign currency

denominated liabilities, but there is no minimum. They must inform the Central Bank within three working days if their foreign currency position is above the maximum legal requirement. Early in July of 1999 the Central Bank was forced to modify the exchange band and devaluated additional nine percent (the second massive devaluation during Pastrana's Administration). The exchange band was finally removed in September of 1999.

Lending Regulations: The Central Bank establishes maximum amounts that individual financial institutions may lend to a single borrower. The maximum amount may not exceed ten percent of a commercial bank's technical capital. The limit may be raised to thirty percent when any amounts lent above ten percent are secured in accordance with the Central Bank's regulatory requirements.

The Money Market: Returns on fixed-income instruments fell significantly during the second half of 1998, as well as throughout 1999 and the early months of 2000. In 1999, the Bogota Stock Exchange Price Index (IBB) fell 10.05 percent in peso terms and 25.3 percent in dollar terms as a result of the general economic uncertainty. The recession kept local and foreign investors away from the market. Colombian stock prices decreased despite the downward trend in the interest rates. It is expected that real interest rates will remain stable during 2000, but activity in fixed-income instruments depends heavily on actions taken by the Central Bank.

The Bond Market: Yields on government paper also fell with other fixed-income instruments. The yield on benchmark one-year sovereign debt fell further to less than twenty percent.

The Equity Market: The Colombian stock market consists of mainly of three major stock exchanges. Founded in 1929, the Bolsa de Bogota is the oldest and largest, with 36 brokers and 189 listed companies. Cali's Bolsa de Occidente, founded in 1987, has 17 brokers and 120 companies. The Bolsa de Medellin, with 29 brokers and 169 companies, dates from 1961. In addition, the small Bolsa Agropecuaria specializes in agricultural commodities.

Foreign Exchange Controls Affecting Trade

Colombia imposes no foreign exchange controls on trading. However, exchange regulations require that the following transactions are channeled through intermediaries (i.e. banks or other recognized financial institutions) authorized for such purposes:

- Imports and exports of goods;
- External loans and related financing costs;
- Investment of capital from abroad and remittances of profits thereon;
- Investment of Colombian capital abroad, as well as remittances of yields; and
- Endorsements and guarantees in foreign countries.

In 1994 the Colombian Government granted amnesty to foreign investors who had not registered

their investments, whereby principal and yields of investments made but not registered at the Central Bank before Resolution 51 of October 1991, were accepted as legitimate.

Prior Deposit Requirement

The Banco de la Republica (Central Bank) has used the prior deposit mechanism off and on since the 1960's (Decree 444). It is currently suspended.

Banco de la Republica External Resolution No. 5 of May 1997 eliminated the requirement of registering with the Central Bank all foreign exchange loans obtained in Colombia. In addition, residents who obtain foreign exchange loans were once again required to deposit -- prior to the disbursement of the loans -- 25 percent of the loan's value for six months with the Central Bank (latest modification, External Resolution 1 of 1998). The deposit requirement is waived for foreign currency loans of up to US \$550,000 (or its equivalent in other currencies) used to obtain export financing for terms of up to one year (previously, up to six months). The Resolution also states that import financing for goods valued at less than US \$5,000 (or the equivalent amount in other currencies) does not require a deposit with the central bank.

In October of 1997 the Banco de la Republica External Resolution No. 11 allowed residents to make payments to other residents in US dollars through current accounts held abroad. The measure was taken to avoid an exchange rate imbalance that could have resulted from an influx of US dollars from the US \$2 billion purchase by Spanish company ENDESA in September of that year of a subsidiary of the Bogota Energy Co. While some authorized analysts say that this was a first step towards the dollarization of the Colombian economy, most concur that it was a necessary step to avoid a sudden imbalance in the exchange rate.

General Financing Availability and Terms of Payment

General trade finance is freely available and letters of credit are widely used in Colombia. Methods, terms, and conditions of payment vary with the type of credit. Most imports of equipment are paid via irrevocable 180 day letter of credit (L/C), payable on sight against shipping documents. The L/C replaces the exporter's credit risks with that of the issuing bank; with L/Cs, the exporter and the importer has the L/C issued.

Normal payment term is sixty days. There are transactional cases in which suppliers may extend terms to 90-120 days by time draft, but this is not common practice. When a satisfactory trading relationship has been established, terms are those generally applied in international trade. Short-term is considered any term under one year; medium-term is from one to three years; and, long-term ranges from five years up to twenty years or more.

Non-traditional project financing schemes such as supplier credits are more readily available from European than from U.S. suppliers. Leasing, domestic and international (both operating and capital) financing are becoming popular, mainly because of the tax benefit it provides.

Factoring is also available as well as international credit insurance. Transactional financing is more associated to consumer goods trade, while equity-based financing is more commonly used for project financing.

Export financing is available through the Colombian foreign trade bank (Bancoldex), through both private and multinational lenders, and through domestic sources. Exporters can arrange for financing of their local suppliers through domestic back-to-back letters of credit. Terms include advance payment, cash on delivery, letter of credit, documentary collection of bills of exchange, consignment, and open account.

EXIM: The Export-Import Bank of the U.S. (Eximbank) is actively in business with a full range of services in Colombia after the recertification of Colombia by the U.S. Government for counter-narcotics cooperation in March 2000. Loans approved and committed to prior to the March 1996 decertification continued to be honored and executed during the decertification period.

Eximbank offers a range of loan, insurance and loan guarantee programs to facilitate exports of U.S. goods and services to Colombian governmental and private companies. Eximbank's programs include direct loans, commercial lender working capital, loan guarantees, and intermediary loans. Eximbank also offers various export insurance programs, including short and medium-term export insurance, multi-buyer insurance, letter-of-credit insurance, and lease insurance policies.

Exports of capital equipment may be supported by Eximbank's long-term loans and guarantees (up to ten years repayment), or medium-term loans, guarantees and insurance (up to five, exceptionally seven, years including disbursement). Long-term business in Colombia has been concentrated in the natural resource, aircraft, power, and petrochemical sectors. Exports of consumer goods, spare parts, and raw materials may be supported under Eximbank's short term (up to 180, exceptionally 360 days) credit insurance.

On the buyer's credit side, Eximbank offers long term direct loans and guarantees (repayment in ten years) as well as mid-term loans and guarantees (repayment in five years). In Colombia, Eximbank does not require that a commercial bank be the obligator or guarantor on mid-term transactions. If the risk is with a non-bank company, its audited balance sheet and income statements must be very strong, and the company must have a good commercial track record. Most of Eximbank's recent medium-term Colombian business has been under Credit Guarantee Facilities (CGF). A CGF is a medium term line of credit extended by an U.S.-based bank to a foreign bank that is, in turn, guaranteed by Eximbank. Companies in Colombia wishing to purchase U.S. goods or services on credit can approach participating Colombian banks for credit.

If the Colombian bank agrees to extend the purchaser credit, it will execute a transaction utilizing the credit facility it has with a participating U.S. bank. The Colombian purchaser can then advise

its U.S. supplier that financing arrangements have been concluded. The U.S. supplier then presents its export documents to the funding U.S. bank and receives payment. The Colombian bank is the obligor under these facilities and the party responsible for repayment to the U.S. bank.

Eximbank requires information on proposed obligators and guarantors. Such information includes financial statements and credit references. Engineering data is required for long-term transactions. The maximum coverage is 85 percent of the equipment FOB price. Most popular financing ranges from US \$100,000 to US \$50 million for repayment in two to seven years. Payments of amortization plus interest are due every six months.

For additional information on Eximbank programs please contact:

Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, D.C. 20571
Phone: (800)565-EXIM, (202)565-3946
Fax: (202)565-3380
e-mail: bdg@exim.gov
Internet: www.exim.gov

Regional Eximbank Offices:

New York, NY
Tel: (212) 466-2950
Fax: (212) 466-2959

Miami, FL
Tel: (305) 526-7425
Fax: (305) 526-7435

Houston, TX
Tel: (713) 589-8182
Fax: (713) 589-8184

Chicago, IL
Tel: (312) 353-8081
Fax: (312) 353-8098

Long Beach, CA
Tel: (310) 980-4580
Fax: (310) 980-4590
Available Project Financing

Multilateral Funding Agencies and Financial Markets: Several multilateral agencies such as the World Bank, the Interamerican Development Bank, the Andean Development Corporation, the Export-Import Bank of Japan, the Agency for International Development of the U.S. (and also those of Japan and Canada) and the U.S. Overseas Private Investment Corporation (OPIC) are active in providing financing for projects in Latin America and the Caribbean. However, the only organization to provide major direct financing for greenfield projects in Colombia, is the Andean Development Corporation (ADC). The ADC has provided direct financing to the private sector for the development of greenfield projects in various infrastructure sectors, including a US \$19 million loan to Occidente y Caribe Celular S.A. (OCCEL) to finance the acquisition of a cellular phone operation license, a US \$20 million loan for the Buga-Tulua-La Paila road project, and partial financing of an independent electric power project in Mamonal.

Major multilateral agencies, such as the World Bank, can not lend directly to the private sector, although they represent a very important source for financing government projects. The Interamerican Development Bank (IDB) established a private sector department only three years ago. These new sources, along with the debt, equity and quasi-equity financing provided by the Interamerican Investment Corporation, may become an important financing source for infrastructure projects developed by the private sector.

Recent infrastructure projects have been financed mostly by syndicated loans with participation of foreign commercial banks and multilateral agencies, and to a lesser degree by accessing foreign capital markets. The access to foreign commercial banks has been necessary, not only to obtain the financial closing of projects on time, but also to obtain bridge-loans before the projects can access the capital market.

Major limitations faced by the sponsors in obtaining non-resource financing through multilateral agencies or by accessing the capital markets are related to deficiencies in the legal documentation and financing structure of the projects. The access to non-resource financing is based on the correct allocation of external and internal project risks among the sponsors, developers, and users of the project. In most cases, projects have been developed through contracts awarded by the public sector to a private consortium in which the allocation of risks (costs overruns, commercial and regulation risk) is not acceptable to institutional investors or multilateral agencies. To obtain this type of financing, the Central Government has provided guarantees of payments, as was the case for most of the power projects developed in the last four years.

Given the current budgetary deficit, the Central Government has adopted a much more restrictive policy toward national guarantees to back project debt. In many cases, restrictions have determined the access to commercial banking loans, which are an easily accessible "alternate" financing source of short duration. Commercial banking loans do not constitute an optimal source of financing, because of the financial conditions (terms and interest rates) offered by the banks, including shorter terms and higher rates than those obtained with multilateral agencies or

in the capital markets.

Four recent infrastructure projects - the construction of two gas pipelines, the second Eldorado airport runway (inaugurated in June 1998), and a 350 MW hydroelectric project - demonstrate how, through different allocations of risk, each of these projects was able successfully to gain access to capital markets before beginning their operational phase.

-The Ballena-Barranca and Mariquita-Cali gas pipeline projects obtained US \$191 and US \$275 million in a Rule 144 A bond issue. In these cases there was an adequate allocation of risk provided for in the legal documentation of the project. Additionally, the off-taker's credit worthiness (ECOPETROL) was acceptable to institutional investors when evaluating project risk.

-Financing for the second Eldorado airport runway was structured through a bankable contract. The terms and conditions of the project were acceptable to institutional investors and contained an adequate commercial risk allocation. The project obtained an investment grade rating and access to the capital market with a US \$100 million Rule 144A issue.

-The Miel power project accessed the Rule 144A market with a US \$300 million issue for a 15-17 year term, at 13.7 percent interest. A national guarantee was necessary to facilitate financing through a bond issue.

IDB: The Inter-American Development Bank (IDB) lent US \$3 billion during 1997-1999 for projects to support economic and social development in Latin America and the Caribbean. While U.S. firms tend to associate international procurement with large civil works contracts for infrastructure projects, there are many opportunities in other sectors in which the bank is active. For U.S. firms, specific opportunities will depend on how competitive the local industry is and what the bank's lending priorities are for Colombia. Interesting opportunities can be found in sectors that generate smaller contracts, such as for social programs, which often entail a diverse, small-scale supply of goods and consulting services. IDB loans to Colombia totaled an estimated US \$538.4 million in 1995, US \$143.5 million in 1996, US \$216.5 million in 1997, and US \$437.8 million in 1998, and US \$1.6 billion in 1999 (of which US \$1.0 billion was earmarked for sectoral loans).

The Inter-American Development Bank (IDB) is currently supporting the Colombian modernization of the health sector (Law 100) through investment loans and the redefinition of the government's role, with projects that focus on decentralization of services and developing new systems to finance the delivery of health services. Web site: www.iadb.org

IADC: During 1995-1996, the Inter-American Development Corporation (IADC) approved a US \$3.33 million equity investment in Corfisura Fondo de Desarrollo de Empresas (Colombia's first development capital fund) to provide development capital to export-oriented companies in

agri-business, manufacturing, mining, and emerging technology sectors. The expected capitalization for the fund is US \$10 million (of which one-third will be contributed by Corfisura). The fund will seek long-term capital gains by investing in equity and quasi-equity securities issued by small and medium-size businesses that need capital for growth and will assist entrepreneurs in the areas of management, technology, and market development. By investing in the fund, the Interamerican Development Corporation will help to support a larger number of beneficiaries than it could reach directly.

World Bank: In 1994, Colombia approved through Law 149, its adherence to the Multilateral Investment Guarantee Agency (MIGA), created in 1985 by the World Bank, to stimulate the flow of resources for productive ends between member countries and in particular toward developing countries. The agreement has been an effective instrument in attracting foreign investment to Latin America countries and in the case of U.S. firms, helped to substitute for OPIC during the time Colombia was decertified. World Bank loans disbursements to Colombia in 1998 totaled US \$194 million and budget allocation for 1999 is US \$610 million.

Colombian Financing Sources: In Colombia, the level of national savings has not been sufficient to sustain the development process, and consequently the Government and the Central Bank (Banco de la Republica) are important sources of funding for the financial system. The Banco de la Republica, in addition to providing the usual discount facilities to support system liquidity, manages several special government funds to promote lending into a number of sectors that have been determined to be important to development or economically essential.

The funding resources come from government capital, bonds (a portion of which the financial institutions are required to buy and, to that extent, may be funding themselves) and current fiscal appropriations, if needed to cover deficits. Accessibility to the funds tends to require considerable paperwork; applicants must qualify, and margins are limited. Their importance as funding resources has been diminishing rapidly, however, and their impact currently is probably less than two percent of total banking resources. The decline in usage is due to the relatively unattractive margins involved and the rapid increase in bank liquidity over the last two years.

For the banks, the most important of the almost dozen such funds are:

- The Industrial Finance Fund (FFI)
- The Private Investment Fund (FIP)
- The Agricultural Fund (FINAGRO).

Colombia's Industrial Development Fund (IFI) has been heavily involved in project financing and has taken over most of the obligations acquired by the financial funds administered by the Central Bank before the restructuring of the Central Bank in 1992. IFI has equity in such major Colombian projects as the Cerromatoso ferronickel mine and the Cerrejon open pit coal mine (the world's largest). The Minister of Finance announced that during Pastrana's administration four government owned financial institution (IFI, FONADE, FINDETER, and FEN) will merge

to create the new Fondo Financiero Nacional.

OPIC: OPIC is a U.S. government agency that supports, finances and insures projects that have a positive effect on U.S. employment, are financially sound and promise benefits to the social and economic development of the host country. OPIC assistance is available for new investments, privatization, and for expansion and modernization of existing plants sponsored by U.S. investors. There is no requirement that the foreign enterprise be wholly owned or controlled by U.S. investors. However, for a project with foreign ownership, only the portion of the investment made by the U.S. investor is insurable by OPIC.

As with Eximbank, the services of the Overseas Private Investment Corporation (OPIC) were temporarily suspended from March 1996 to March 1998 due to the U.S. decertification of Colombia. OPIC reinstated its programs in Colombia immediately after recertification. OPIC President visited the country in May of 1998 and in March of 1999, with other investment visits planned. Commitments made prior to the March 1996 decertification were honored and executed during the decertification period.

Written requests for general information should be addressed to:

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www.opic.gov

Banks with Correspondent U.S. Banking Arrangements

Virtually all Colombian banks have correspondent banks in the United States. The following are some major Colombian banks with correspondent relationships:

Colombian Bank	U.S. Correspondent Banks
Banco Cafetero	Atlantic Bank of New York
Banco Cafetero Intl. Corp.	New York
Barclays Bank of Miami	
Chase Manhattan Bank,	New York
Chemical Bank,	New York
Citibank,	New York
Philadelphia National Bank,	Miami
Standard Chartered Bank of	New York

Swiss Bank of New York

Banco de Bogotá American Express
 Banco de Bogotá, Miami
 Banco de Bogotá, New York
 Bank of America, San Francisco
 Bank of Boston
 Bank One of Miami
 Chase Manhattan Bank, New York
 Chemical Bank, New York
 Citibank, New York
 Commerce Bank of Miami

BanColombia Chemical Bank, New York
 Citibank of New York
 Eagle Bank of Miami
 First Bank Corporation of New York
 Philadelphia International of New York
 Standard Chartered of New York

Banco Ganadero ABN Amro Bank of Miami
 Banco Ganadero of Miami
 Bankers Trust, New York
 Chemical Bank, New York
 Citibank, New York
 Philadelphia Bank of New York
 Standard Chartered, Miami

Banco de Occidente Nations Bank of Florida
 Citibank, New York
 Chemical Bank, New York

Banco Popular Banco Nacional Laboro of New York
 Bank of America, San Francisco
 Bank of Boston, Miami
 Bank of San Francisco
 Barclays Bank of Miami
 Chemical Bank, New York
 Citibank, New York
 Standard Chartered of Miami

Swiss Bank of New York

According to the information provided by the Federal Reserve Bank of the United States, there are five Colombian banks which have branches in the U.S.: Banco de Bogotá has branches in Miami and New York City, Banco Cafetero has a Miami-based Edge Act bank; Banco Ganadero operates a Miami-based Agency which is chartered by the U.S. Government; and Colpatria also has a Miami-based agency which is chartered with the State of Florida.

IX. BUSINESS TRAVEL

Business Customs

As most of what Americans hear in the press about Colombia is negative, first time business visitors are usually pleasantly surprised at the high level of development and sophistication of the Colombian private sector. Colombian business people tend to be well educated (often with some training in the U.S.) and professional. They are serious, hardworking, and share many of the same work habits and ethics as business people in the United States. This is one of the many reasons that, despite Colombia's political and social problems, knowledgeable U.S. business people have for many years come to Colombia to do business.

Colombians tend to be friendly, straightforward and direct in their business dealings. They understand the give and take of business and look to negotiate business arrangements which will be of mutual advantage to both parties. Colombian business people are generally punctual, yet flexible, and expect the same of their business associates. Most business customs are similar to those in the U.S.

Given the proximity of the two countries and the long-term presence of U.S. firms in the market, Colombians are used to doing business with the U.S. Many of them have traveled or studied in the United States and have family members or friends there. Colombian executives and technicians, as well as government officials, travel frequently to the U.S. for meetings, conferences, trade fairs, training and tourism.

Working breakfasts and lunches at hotels and private clubs have become common practice in most Colombian cities. Dinner meetings tend to be less formal. Business cocktails and official receptions are common events and are used as opportunities to make contacts and discuss outstanding business. Colombian trade associations, government entities and private firms are hosting an increasing number of national and regional conventions, conferences and seminars in the country. These events present excellent opportunities for meeting Colombian business people and key government officials as well as for assessing market potential.

Travel Warning and Visas

There is currently a State Department travel warning in effect for U.S. citizens planning travel to Colombia due to the violence which continues to affect all parts of the country and the fact that U.S. citizens have been victims of recent kidnappings, threats and murders (See Section VII “Investment Climate - Political Violence” for additional background information).

Most business persons who visit Colombia travel primarily to the major cities and commercial centers of Bogotá, Cali, Medellín, Barranquilla and Cartagena where care should be taken against such common large city crimes as pickpocketing, jewelry and purse snatching, and currency scams. Selection of a good hotel, keeping valuables in a hotel safe, use of authorized taxis and hired car services, and common sense avoidance of certain areas of town will help to reduce the risk of falling victims to these crimes. At airports care should be taken with hand luggage and travel documents.

Travel between cities should be by air in order to avoid rural areas controlled by guerillas, narcotraffickers and paramilitary groups. Travel outside of the major cities is not recommended. Those who absolutely must travel to facilities in outlying areas (most commonly oil and mining professionals and technicians) are advised to adhere strictly to the security regulations and guidelines established by their companies.

U.S. business travelers can obtain copies of the travel warning and other up-to-date travel information and publications such as “Tips for Travelers to Central and South America”, via the internet at <http://www.access.gpo.gov/su> docs; or via the Bureau of Consular Affairs Home Page at <http://www.travel.state.gov>. Travelers can also hear recorded information by calling the Department of State in Washington, D.C. at (202) 647-5225 from a touch tone telephone or receive information by automated telefax by dialing (202) 647-3000. Other useful web sites are: <http://www..stat-usa.gov>; and www.usatrade.gov/website/Foroffices.nsf/WebCCG/Colombia

Upon arrival in Colombia, U.S. citizens are encouraged to register at the Consular Section (American Citizens Services) of the U.S. Embassy in Bogotá and obtain updated information on travel and security in Colombia. The Consular Section is open for citizen services, including registration, from 8:30 a.m. to 12:00 noon Monday through Thursday, excluding U.S. and Colombian holidays. The U.S. Embassy is located at Calle 22 D Bis, No. 47-51 (at the intersection of Avenida Eldorado and Carrera 50); Tel: (571) 315-0811, during business hours (8:30 a.m. to 5:00 p.m.), or 315-2109/2110 for emergencies during non-business hours; Fax: (571) 315-2196/97. The Consular Agency in Barranquilla is located at Calle 77 No. 68-15; Tel: (575) 353-2001; Fax: (575) 353-5216.

Visas: U.S. citizens traveling to Colombia are required to carry a valid U.S. passport and a return/onward ticket. U.S. citizens do not need a visa for a stay of sixty days or less. Stiff fines are imposed if passports are not stamped on arrival and if stays exceeding sixty days are not authorized by the Colombian Immigration Agency (DAS Extranjeria).

Although business travelers may enter Colombia on a tourist visa, they should be aware that they

may not establish a domicile in Colombia and that the activities they engage in may not produce honoraria or salaries in Colombia. Businessmen traveling under a tourist visa should also be aware that contracts they sign or business they transact may be considered invalid and/or non-binding. Business visas are valid for up to three years, can be renewed, and can be used for multiple entries into Colombia for stays of up to six months per visit.

Persons wishing general information concerning Colombia should communicate with the Colombian Embassy in Washington D.C. at 2118 Leroy Place, N.W., Washington D.C., 20009; Tel: (202) 332-7476 or 332-7573 or with the Colombian National Tourist Board at 140 East 57th Street, New York, NY 10022; Tel: (212) 688-0151.

Persons wishing information concerning entrance requirements to Colombia, laws and related matters should communicate with the Colombian Consular office nearest their place of residence. Colombian Consulates throughout the United States are located in Atlanta, GA; Boston, MA; Beverly Hills, CA; Chicago, IL; Houston, TX; Coral Gables, FL; Minneapolis, MN; New Orleans, LA; New York City, NY; San Francisco, CA; Hato Rey, Puerto Rico; St. Louis, MO; Washington, D.C.; Wheeling, West Virginia; East Lake, OH ; Detroit, MI.

U.S. Non-Immigrant Visas for Colombians All Colombians traveling to the United States need visas. Anyone planning to invite Colombians for business meetings, trade shows, training, etc. should factor the time it takes to get a visa into their plans and invitations in order to avoid disappointment. A personal interview is required and all new interviews are held at the U.S. Embassy in Bogota (which processes U.S. visas for all of Colombia). Due to very high demand, that has overwhelmed the resources of the Consular Section of the U.S. Embassy it currently takes more than one year to obtain the appointment for such a visa. This appointment does not guarantee the visa issuance. Knowing about (and planning for) a long wait for an U.S. visa is especially important for companies that organize cruises and incentive travel. Potential travelers to the United States should be encouraged to apply for a visa well in advance of their trip and, once obtained, should maintain their visas current, not letting them expire. For additional information or update, please consult the home page of the U.S. Embassy in Bogota at <http://usembassy.state.gov/colombia>.

The Consular Section has a special Business Visa Program for companies. Firms registered with the Consular Section of the Embassy and meeting specific criteria are able to process visas for their executives and their families (spouses and unmarried minor children) and other employees (including trainees) without the need for an interview. For further information, please contact the Business Visa Program Officer during afternoons only at (571) 315-1566, or send an information request to Fax (571) 315-2127

Holidays

Prior to planning business travel, it is advisable to consult the schedule of holidays. It is strongly

recommended that business trips be avoided during Holy Week (the week before Easter) and the Christmas holiday season (December 11 to January 9). Visitors may also find it difficult to make business appointments during “puentes” (Fridays or Mondays which “bridge” the weekends with official holidays falling on Thursday or Tuesday.)

Colombia’s official 2001 holiday calendar as follows:

January 1	Monday (New Year’s Day)
January 8	Monday (Epiphany)
March 19	Monday (St. Joseph)
April 12	Thursday (Holy Thursday)
April 13	Friday (Good Friday)
May 1	Tuesday (Labor Day)
May 28	Monday (Ascension Day)
June 18	Monday (Corpus Christi)
June 25	Monday (Feast of The Sacred Heart)
July 2	Monday (St. Peter & St. Paul)
July 20	Friday (Independence Day)
August 7	Tuesday (Battle of Boyaca)
August 20	Monday (Assumption Day)
October 15	Monday (Columbus Day)
November 5	Monday (All Saints' Day)
November 12	Monday (Independence of Cartagena)
December 8	Saturday (Feast of The Immaculate Conception)
December 25	Tuesday (Christmas Day)

Regional Holidays: February 26 through February 28, (Carnival), Barranquilla. December 24 through December 30, 2000 (Folklore Festival) (Offices open only from 8:00 - 13:00), Cali.

Business Infrastructure

Hotels: Facilities and services in major Colombian hotels are similar to those found in the United States. Prices vary, but generally range from US \$90-\$130 per night for a single room including continental breakfast. Among well-known hotels located in Bogotá are: the Tequendama Intercontinental, Forte Capital (near downtown and the airport), Grand Mercure, Embassy Suites, Victoria Regia, Bogotá Royal, Radisson Royal, Hacienda Royal, La Fontana, Casa Medina, and Casa Dann Carlton (in the north of town). In Medellín: the Intercontinental Hotel, Park 10, Poblado Plaza and Las Lomas (Rionegro). In Cali: the Pacifico Royal, Dann Carlton, Casa del Alférez, and Intercontinental Cali. In Cartagena: the Hilton, Hotel Caribe, Las Américas Beach Resort, Santa Clara and the Santa Teresa. In Barranquilla: Hotel del Prado, Royal Hotel and Dann. Some of these hotels provide shuttle services to and from the airport.

Communications: Colombia has a relatively modern domestic and international telecommunications system. AT&T, MCI and Sprint (Global One) are the most commonly used international calling services. Cellular phones are widely used in Colombia with automatic roaming within the country; there are also roaming agreements with the U.S. and most other Latin American countries. Internet connections are coming into increasing use in Colombia. Teleconferencing facilities are available.

Airports: All business travel between cities in Colombia is by air. Colombian air transportation is well-developed with international airports in Bogotá, Barranquilla, Cartagena, Cali and Medellín providing regular flights to major cities abroad. Frequent domestic flights connect principal cities within Colombia. Business travelers should be aware that prior flight reservations within Colombia (even though pre-paid) are not always honored and flights may be over booked to popular destinations such as Cartagena. Internal flights are frequently late or several may be combined if there are not enough passengers.

Taxis: There is taxi service available at all major hotels. Given traffic conditions and security concerns, it is recommended that business travelers contract for hourly taxi service (green and white taxi service located in most of the major hotels in Bogotá). The current rate is about US \$7.00 per hour. Door-to-door taxi dispatch service is also offered by calling a “radio taxi” which tends to be safer than hailing a taxi on the street.

Business Hours: The workweek is Monday - Friday. Normal working hours are either 8 a.m. - 12 noon and 1 p.m. - 5 p.m. or 7:30 a.m. - 4:30 or 5:30 p.m. with an hour for lunch. Most commercial offices follow the first system and most manufacturing operations the second.

Banking Facilities: Banks are open to the public from 9 a.m. to 3 p.m. Monday - Thursday, and from 9 a.m. - 3:30 p.m. on Fridays. On the last workday of the month, banks close at noon. Some international banks and savings/credit corporations have extended schedules, even 24-hour service. Banking hours in other Colombian cities differ from those in Bogotá: office and business hours are usually between 8 a.m. and 6 p.m. Since 1991, when the foreign exchange control was released, all banks are authorized to exchange foreign currency. There are ATM machines in most banks and modern shopping centers with access to international systems.

Shopping: Most stores are open between 9:00 a.m. and 7:00 or 8:00 p.m. on weekdays, and Saturdays. Some food stores (but very few other establishments) are open on Sundays and holidays. When paying by cash, it is sometimes possible to negotiate a discount at some stores.

Credit Cards: Visa, Master Card, American Express and Diners are readily accepted by most hotels and chain stores. Travelers checks are also accepted.

Business Dress: Business clothing varies somewhat depending on the climate of the region of the country being visited. In Bogotá and the mountain region, dress is more formal and colors

are darker than in tropical areas. Business suits for men and suits and pantsuits for women are customary during the business day and for evening events such as dinners, cocktails and receptions. In tropical and semi-tropical areas (Cartagena, Barranquilla, Medellín and Cali) dress is less formal: lightweight suits for men and lightweight dresses and pantsuits for women.

Language: Spanish is the official language and spoken throughout the country. It is advisable to have some knowledge of Spanish or to hire the services of a qualified interpreter, although many senior executives and government officials speak English.

Religion: Catholic (90%)

Promotional Material: Business visitors should be prepared with good quality promotional materials and price lists for the product lines which they are offering. It is strongly recommended that all product literature be in Spanish or dual language. Where appropriate, small samples help make preliminary meetings more effective.

Climate: Due to its high altitude, the weather in Bogotá is almost perennially similar to that of mid-Autumn or mid-Spring in much of North America. Daytime temperatures are in the upper 60's (Fahrenheit), and in the 40's and 50's at night. Much of the rest of the country is tropical (Cartagena and Barranquilla) or semi-tropical (Medellín and Cali).

Altitude: Travelers to Bogotá may require some time to adjust to the altitude (8,600 feet) which can adversely affect blood pressure, digestion and energy level.

Medical Facilities: Medical care is adequate in major cities, but quality varies elsewhere. In Bogotá, in particular, travelers can find very qualified general practitioners and specialists. Doctors and hospitals often expect immediate cash payment for health services, although many hospitals in major cities accept major U.S. credit cards. U.S. medical insurance is not always valid outside the United States. Visitors with a particular medical problem may therefore wish to consider supplemental medical insurance with specific overseas coverage, including provision for medical evacuation or other emergencies.

Food/Water: Tap water is generally considered safe to drink in major cities. A variety of international restaurants can be found in most major cities, including American fast food restaurants such as McDonalds, Pizza Hut, Jeno's Pizza and KFC. Colombian cuisine has been influenced by a combination of Spanish, African, and native traditions. Due to the variety of climates and cultures each region has developed its own cuisine, according to what is grown locally. Some typical Colombian dishes include: ajiaco (a potato and chicken stew), lechona (pork dish), frijoles (beans) and tamales. A large variety of fresh tropical fruit juices are served throughout the country.

Electricity: Electrical current is 110/220 V, 60 Hz as in the U.S. However, there are frequent

power outages and surge protectors are recommended for computers and other sensitive equipment.

Weights and Measures: Although Colombia uses the metric system, weight is often figured in pounds and gasoline sold by the gallon.

A general "Guide for Business Representatives" is available for sale through the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; Tel: (202) 512-1800; Fax: (202) 512-2250. Business travelers to Colombia seeking appointments with U.S. Embassy Bogotá officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (571) 315-2126/315-2298 or by fax at (571) 315-2171/315-2190, or via e-mail: bogota.office.box@mail.doc.gov or karla.king@mail.doc.gov

ECONOMIC AND TRADE STATISTICS

A. DOMESTIC ECONOMY

In millions of U.S. Dollars or Percentage Changes (e/estimated; p/forecast; y/year-end)

	1998	1999(e)	2000(p)
-GDP (current millions of USD)	89,710	85,358	87,918
-GDP Real Growth rate (%)	0.6	-5.0	3.0
-GDP per Capita (current dollars)	2,243	2,097	1,983
-Government spending as % of GDP	19.5	20.5	19.0
-Inflation (%)	16.7	9.2	11.0
-Unemployment Rate (Urban) (%) (y)	15.6	18.1	18.0
-Net International Reserves (y)	8,704	8,102	8,600
-Avg. Exchange Rate for USD 1.0	1,425.9	1,731	2,049
-Debt Service/Exports of Goods and Services (%)	22.0	28.0	29.5

Note: All figures are in U.S. dollars.

Sources: Central Bank, National Planning Department of Colombia and U.S. Embassy Bogotá

B. TRADE STATISTICS

(USD Millions) (including Hydrocarbons)

	1998	1999(e)	2000(p)
Total Colombian Exports (FOB)	10,822	11,569	12,700
Total Colombian Imports (CIF)	14,635	10,659	11,800

U.S. Exports (CIF)	4,653	3,831	5,515
U.S. Imports (FOB)	4,026	5,615	5,757

Note: All figures refer to merchandise trade only and are in U.S. dollars.

Sources: DANE, Colombian Foreign Trade Ministry, Central Bank, and National Planning Department

XI. U.S. AND COUNTRY CONTACTS

COLOMBIAN GOVERNMENT OFFICES RELATED TO KEY SECTORS

BANCO DE LA REPUBLICA

(CENTRAL BANK)

Contact: Miguel Urrutia-Montoya, General Manager

Carrera 7 No. 14-78 Piso 6

Santafé de Bogotá, D.C., Colombia

Tel: (571) 343-0190/283-2492

Fax: (571) 286-1686/286-1731/281-7445

Web Site: www.banrep.gov.co

E-Mail: mgarcida@banrep.gov.co

DEPARTAMENTO ADMINISTRATIVO NACIONAL DE ESTADISTICAS (DANE)

(NATIONAL BUREAU OF STATISTICS)

Contact: Maria-Eulalia Arteta, Director

Avenida Eldorado CAN Edificio DANE

Santafé de Bogotá, D.C., Colombia

Tel: (571) 222-5658/222-1100/222-2363 /222-5657

Fax: (571) 222-4958/222-2305

Web site: www.dane.gov.co

DEPARTAMENTO NACIONAL DE PLANEACION (DNP)

(NATIONAL PLANNING DEPARTMENT)

Contact: Claudia de Francisco, Director

Calle 26 No. 13-19

Santafé de Bogotá, D.C., Colombia

Tel: (571) 336-1600/334-4405

Fax: (571) 334-0221/334-0221

E-mail: ditel@dnpp.gov.co

DIRECCION DE IMPUESTOS Y ADUANAS NACIONALES (DIAN)

(CUSTOMS AND TAX DIRECTORATE)

Contact: Guillermo Fino, Director
Carrera 8 No. 6-64 P5
Santafé de Bogotá, D.C., Colombia
Tel: (571) 297-1220/341-7521
Fax: (571) 286-5789
Web Site: www.dian.gov.co
E-mail: dian@dian.gov.co

INSTITUTO COLOMBIANO AGROPECUARIO (ICA)
(COLOMBIAN AGRICULTURAL INSTITUTE)
Contact: Alvaro-José Abisambra, General Manager
Calle 37 No. 8-43
Santafé de Bogotá, D.C., Colombia
Tel: (571) 287-7110/288-4438
Fax: (571) 288-4169
E-mail: gereica@impsat.net.co

MINISTERIO DE AGRICULTURA
(MINISTRY OF AGRICULTURE)
Contacts: Rodrigo Villalba M., Minister
Luis Arango-Nieto, Vice-Minister
Avenida Jimenez No. 7-65
Santafé de Bogotá, D.C., Colombia
Tel: (571) 334-1199/341-9005/341-9031
Fax: (571) 243-4785/284-9005
Web Site: www.minagricultura.gov.co

MINISTERIO DE COMERCIO EXTERIOR
(MINISTRY OF FOREIGN TRADE)
Contacts: Martha-Lucía Ramírez-de-Rincón, Minister
Angela-Maria Orozco G, Vice-Minister
Calle 28 No. 13A-15 Pisos 5,6 y 7
Santafé de Bogotá, D.C., Colombia
Tel: (571) 286-9111
Fax: (571) 334-9908
Web Site: www.mincomex.gov.co

MINISTERIO DE COMUNICACIONES
(MINISTRY OF COMMUNICATIONS)
Contacts: María-del-Rosario Sintés, Minister
Ciro Mendoza, Vice-Minister
Edificio Murillo Toro, Carrera 7 Calles 11 y 12 Piso 4

Santafé de Bogotá, D.C., Colombia
Tel: (571) 344-3455/-3460
Fax: (571) 344-3433/-3434
Web Site: www.mincomunicaciones.gov.co

**MINISTERIO DE DESARROLLO ECONOMICO
(MINISTRY OF ECONOMIC DEVELOPMENT)**

Contacts: Augusto Ramírez-Ocampo, Minister
Juan-Alfredo Pinto, Vice Minister
Carrera 13 No. 28-01, Piso 5
Santafe de Bogota, D.C., Cundinamarca
Tel: (571) 350-5550
Fax: (571) 350-5227
contrato01@mindesa.gov.co

**MINISTERIO DEL MEDIO AMBIENTE
(MINISTRY OF THE ENVIRONMENT)**

Contacts: Juan Mayr-Maldonado, Minister
Luis F. Garcia-Trujillo, Vice-Minister
Claudia Martinez-Zuleta, Vice-Minister (SINA- National Environmental System)
Calle 37 No. 8-40
Santafé de Bogotá, D.C., Colombia
Tel: (571) 288-6877
Fax: (571) 288-9892
Web Site: www.minambiente.gov.co

**MINISTERIO DE MINAS Y ENERGIA
(MINISTRY OF MINES AND ENERGY)**

Contacts: Carlos Caballero-Argaez, Minister
Juan-Manuel Rojas-Payan, Energy Vice-Minister
Luisa-Fernanda Lafaurie, Mines and Hydrocarbons Vice-Minister
Centro Administrativo Nacional (CAN)
A.A. (P.O. Box) 80319
Santafé de Bogotá, D.C., Colombia
Tel: (571) 222-4555/222-0068
Fax: (571) 222-3651
Web Site: www.minminas.gov.co

**SUPERINTENDENCIA BANCARIA
(SUPERINTENDENCY OF BANKS)**

Contact: Superintendent
Calle 7 No. 4-49
Santafé de Bogotá, D.C., Colombia

Tel: (571) 350-8166/-6061
Fax: (571) 280-0464/350-5707
Web Site: www.superbancaria.gov.co
E-mail: super@superbancaria.gov.co

**SUPERINTENDENCIA DE INDUSTRIA Y COMERCIO
(INDUSTRY AND COMMERCE SUPERINTENDENCY)**

Contact: Emilio-Jose Archila-Peñalosa, Superintendent
Carrera 13 No. 27-00, P5
Santafé de Bogotá, D.C., Colombia
Tel: (571) 334-1221/-2035
Fax: (571) 281-3950
Web Site: www.consumersinternational.org
E-mail: superin1@latino.net.co

COLOMBIAN AMERICAN CHAMBER OF COMMERCE AND CEA

**CAMARA DE COMERCIO COLOMBO-AMERICANA, Santafé de Bogotá
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE)**

Contact: Joseph Finnin, Executive Director
Calle 98 No. 22-64 Piso 12
Santafé de Bogotá, D.C., Colombia
Tel: (571) 621-5042/-5242
Fax: (571) 621-6838
Branch offices: Barranquilla, Cali, Cartagena and Medellín
Web Site: www.amchamcolombia.com.co
E-mail: info@amchamcolombia.com.co
E-mail: 73050.3127@compuserve.com

**CAMARA DE COMERCIO COLOMBO-AMERICANA, BARRANQUILLA
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE-BARRANQUILLA)**

Contact: Victoria-Eugenia Ibanez, Executive Director
Calle 76 No. 54-231 (Chalet)
Barranquilla, Atlantico, Colombia
Tel: (575) 360-6710/368-7650
Fax: (575) 368-7651
Web Site: www.amchamcolombia.com.co
E-mail: info@amchamcolombia.com.co
E-mail: wtcbaq@latino.net.co

**CAMARA DE COMERCIO COLOMBO-AMERICANA, CALI
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE-CALI)**

Contact: Ana Lucia Jaramillo Valli, Executive Director

Avenida 1N No. 3N-97

Cali, Valle, Colombia

Tel: (572) 667-2993/661-0162

Fax: (572) 667-2992

Web Site: www.amchamcolombia.com.co

E-mail: info@amchamcolombia.com.co

E-mail: subdi@amchamcolombia.com.co

**CAMARA DE COMERCIO COLOMBO-AMERICANA, CARTAGENA
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE-CARTAGENA)**

Contact: Diana Lequerica, Executive Director

Centro Comercial Bocagrande Of. 309 Avenida San Martin

Cartagena, Bolivar, Colombia

Tel: (575) 665-7724/-0481

Fax: (575) 665-1704/-4079

Web Site: www.amchamcolombia.com.co

E-mail: info@amchamcolombia.com.co

E-mail: camcolam@ctgred.net.co

**CAMARA DE COMERCIO COLOMBO-AMERICANA, MEDELLIN
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE-MEDELLIN)**

Contact: Nicolas de Zubiría, Executive Director

Calle 4 Sur No. 43A-195 Of. 163 Centro Ejecutivo El Poblado

Medellín, Antioquia, Colombia

Tel: (574) 268-7491/-7514

Fax: (574) 268-3198

Web Site: www.amchamcolombia.com.co

E-mail: info@amchamcolombia.com.co

E-mail: amchamber@epm.net.co

**CONSEJO DE EMPRESAS AMERICANAS (CEA)
(COUNCIL OF AMERICAN FIRMS IN COLOMBIA)**

Contact: Jaime Lizarralde-Lora, Executive Director

Carrera 13 No. 93-40, Of. 207

Santafé de Bogotá, D.C., Colombia

Tel: (571) 623-3010/623-3018/623-3045

Fax: (571) 623-3189

E-mail: cea@impsat.net.co

OTHER CHAMBERS OF COMMERCE

CAMARA DE COMERCIO DE BOGOTA
(BOGOTA CHAMBER OF COMMERCE)
Contacts: Maria-Fernanda Campo-Saavedra, President
Carrera 9 No. 16-21, P8
Santafé de Bogotá, D.C., Colombia
Tel: (571) 334-7900/334-7799
Fax: (571) 284-7735/284-8506
Web Site: www.ccb.org.co
E-mail: webmaster@ccb.org.co

CAMARA DE COMERCIO DE CALI
(CALI CHAMBER OF COMMERCE)
Contact: Julian Dominguez-Rivera, Executive President
Calle 8 No. 3-14
Cali, Valle, Colombia
Tel: (572) 886-1321/886-1300
Fax: (572) 886-1399
Web Site: www.ccc.org.co

CAMARA DE COMERCIO DE CARTAGENA
(CARTAGENA CHAMBER OF COMMERCE)
Contact: Enrique Luis Román , Executive President
Calle Santa Teresa No. 32-41
Cartagena, Bolivar, Colombia
Tel: (575) 660-0793/660-0795/660-0762
Fax: (575) 660-0803

CAMARA DE COMERCIO DE MEDELLIN
(MEDELLIN CHAMBER OF COMMERCE/TRADE POINT)
Contact: Pedro-Juan Gonzalez-Carvajal, Executive President
Avenida Oriental Carrera 46 No. 52-82
Medellín, Antioquia, Colombia
Tel: (574) 511-6111/512-4826
Fax: (574) 231-8648
Web Site: www.camamed.org.co

CAMARA DE COMERCIO DE PEREIRA
(PEREIRA CHAMBER OF COMMERCE/TRADE POINT)
Contact: Ivan Marulanda-Gomez, Executive President
Carrera 8 No. 23-09 Local 10
Pereira, Risaralda, Colombia
Tel: (576) 325-2587

Fax: (576) 325-0957
Web Site: www.ejecafetero.com/camarap

GENERAL INDUSTRY AND TRADE ASSOCIATIONS

ASOCIACION COLOMBIANA DE MEDIANA Y PEQUENAS INDUSTRIAS (ACOPI) (SMALL BUSINESS ASSOCIATION)

Contact: Jose-Miguel Carrillo-Mendez, President
Carrera 23 No. 41-94
Apartado Aereo 16451
Santafé de Bogotá, D.C., Colombia
Tel: (571) 268-0634/244-2741/268-2693
Fax: (571) 268-8965
Web Site: www.acopi.org.co
Web Site: www.acopinet.com.co
E-mail: acopicomunicaciones@express.net.co

ASOCIACION NACIONAL DE INDUSTRIALES (ANDI) (NATIONAL INDUSTRIALISTS ASSOCIATION)

Contacts: Luis-Carlos Villegas-Echeverry, President
Maria-Isabel Uribe, General Manager
Carrera 13 No. 26-45 Piso 6
Santafé de Bogotá, D.C., Colombia
Tel: (571) 334-9620/281-0600
Fax: (571) 281-3188
Web Site: www.andi.com.co
E-mail: comercial@andi.com.co

FEDERACION NACIONAL DE COMERCIANTES (FENALCO) (NATIONAL MERCHANTS FEDERATION)

Contacts: Sabas Pretelt de-la-Vega, President
Carrera 4 No. 19-85, P7
Santafé de Bogotá, D.C., Colombia
Tel: (571) 283-3326/336-7800
Fax: (571) 282-7573
Web site: www.fenalco.com.co

OTHER ASSOCIATIONS BY SPECIAL ECONOMIC/INDUSTRIAL ACTIVITY

Agriculture

**DISTRIBUIDORA DE ALGODON NACIONAL (DIAGONAL)
(COTTON PURCHASING AGENCY FOR THE TEXTILE INDUSTRY)**

Contact: Jorge Restrepo Palacios, President
Calle 52 No. 47-42, Edificio Coltejer, Of. 1001
Medellín, Antioquia, Colombia
Tel: (574) 251-2072/251-9191/241-8128
Fax: (574) 251-1878
E-mail: pres_diag@epm.net.co

**FEDERACION NACIONAL DE CAFETEROS DE COLOMBIA
(COLOMBIAN COFFEE GROWERS FEDERATION)**

Contact: Jorge Cardenas G., General Manager
Calle 73 No. 8-13
Santafé de Bogotá, D.C., Colombia
Tel: (571) 345-6600
Fax: (571) 217-1021
Web site: www.cafedecolombia.com

E-mail: rmed@cafedecolombia.com

**FEDERACION NACIONAL DE CULTIVADORES DE CEREALES
(COLOMBIAN GRAIN GROWERS FEDERATION)**

Contact: Jose-Adel Cancelado-Perry, General Manager
Carrera 14 No. 97-62
Santafé de Bogotá, D.C., Colombia
Tel: (571) 218-4342/257-1674
Fax: (571) 218-9463
Web Site: www.fenalce.org.co
E-mail: fenalce@cablenet.co

**FEDERACION NACIONAL DE GANADEROS (FEDEGAN)
(NATIONAL CATTLEMEN'S FEDERATION)**

Contact: Jorge Visbal-Martelo, Executive President
Calle 37 No 14-31
Santafé de Bogotá, D.C., Colombia
Tel: (571) 232-7129/245-4010
Fax: (571) 570-1073
Web site: www.fedegan.org.co

Apparel and Textiles

**ASOCIACION COLOMBIANA DE PRODUCTORES TEXTILES (ASCOLTEX)
(TEXTILE MILLS ASSOCIATION)**

Contact: Ivan Amaya-Villegas, President

Calle 72 No. 9-55 Oficina 903
Santafé de Bogotá, D.C., Colombia
Tel: (571) 211-5887/212-6036/212-6234
Fax: (571) 210-3894
E-mail: ascoltex@impsat.net.co

ASOCIACION NACIONAL DE DISTRIBUIDORES TEXTILES
E INSUMOS PARA LA CONFECCION (ASOTEXTIL)
(TEXTILE AND MATERIALS DISTRIBUTORS ASSOCIATION)

Contact: Jorge-Mario Pulido, President
Carrera 60 No. 49-41 Oficina 302
Medellín, Antioquia, Colombia
Tel: (574) 512-4065/512-4074/513-2058
Fax: (574) 512-4072
E-mail: asotex@col3.telecom.com.co

Automotive

ASOCIACION NACIONAL DE COMERCIANTES DE AUTOPARTES (ASOPARTES)
(ASSOCIATION OF AUTOMOTIVE PARTS IMPORTERS AND DEALERS)

Contact: Tulio Zuloaga-Revollo, Executive President
Carrera 43A No. 22A-56
Santafé de Bogotá, D.C., Colombia
Tel: (571) 337-8673/337-7353
Fax: (571) 269-2061
E-mail: asopartes@tutopia.com

Banking

ASOCIACION BANCARIA Y DE ENTIDADES FINANCIERAS (ASOBANCARIA)
(BANKING AND FINANCE ASSOCIATION)

Contact: Jorge-Humberto Botero, President
Carrera 9 No. 74-08, Piso 9
Santafé de Bogotá, D.C., Colombia
Tel: (571) 249-6411/211-4087/255-1709
Fax: (571) 211-4460/211-9915
Web Site: www.asobancaria.com

Construction

CAMARA COLOMBIANA DE LA CONSTRUCCION (CAMACOL)
(COLOMBIAN CONSTRUCTION CHAMBER)

Contact: Eduardo Jaramillo Robledo, President
 Calle 70A No. 10-22
 Santafé de Bogotá, D.C., Colombia
 Tel: (571) 217-7166/217-0929
 Fax: (571) 211-9559
 Web Site: www.camacol.org.co

Customs Validation

INTERTEK TESTING SERVICES

Contact: Manager
 3741 Red Bluff Rd.
 Pasadena, Houston TX 77503
 Tel: (713) 475-2082
 Fax: (713) 475-2083

INTERTEK TESTING SERVICES

Contact: Juan-Manuel Perez, Legal Representative
 Pedro Baquero, Operation Manager
 Transversal 14 No 126-10 Of 706
 Santafé de Bogotá, Colombia
 Tel: (571) 615-5673/ 626-6291
 Fax: (571) 627-1953/627-1956
 E-mail: pbaquero@itssts.co.uk

BUREAU VERITAS NORTH AMERICA, INC.

Contact: Juan Martinez
 7955 NW 12 Street, Suite 400
 Miami FL 33126
 Tel: (305) 593-7878/ (305) 593-7877

BIVAC DE COLOMBIA S.A.

Contact: Pablo Vicente, General Manager
 Alvaro Mejia, Commercial Manager
 Calle 95 No 13-09, Piso 3
 Santafé de Bogotá, Colombia
 Tel: (571) 635-7575 / 635-7525
 Fax: (571) 522-2490
 Web site: www.bureauveritas.com

COTECNA INSPECTION INC.

Cotecna: Peter Schnider, General Manager

14505 Commerce Way, Suite 501
Miami, FL 33016
Tel: (305) 318-2340
Fax: (305) 827-0616

COTECNA INSPECTION COLOMBIA S.A.

Contact: Luis-Carlos Velandia, General Manager
Calle 114 No 9-01, Torre A Of 809 Teleport Business Park.
Santafé de Bogotá, Colombia
Tel: (571) 629-1862 /-1881 /-1891
Fax: (571) 629-1882 /-1883
S.G.S. COLOMBIA S.A. (Societe Generale de Surveillance)
Contact: Enrique Chavez-Montes, General Manager
Calle 73 No 12-02 P 5
Santafé de Bogotá, Colombia
Tel: (571) 317-1199
Fax: (571) 317-2408
E-mail: sgscolombia@sgs-co.com

Engineering

ASOCIACION COLOMBIANA DE INGENIEROS CONSTRUCTORES (ACIC)

(Colombian Association of Construction Engineers)

Contacts: Silvio Mejía-Duque, President
Sandra Charry, Technical Director
Calle 82 No. 10-11
Santa Fe de Bogotá, D.C., Colombia
Tel: (571) 236-3585/-4809 /610-7803
Fax: (571) 610-6552
Web site: www.acic.org.co

ASOCIACION COLOMBIANA DE INGENIEROS ELECTRICOS Y MECANICOS(ACIEM)

(Colombian Association of Electrical and Mechanical Engineers)

Contacts: Diego Otero-Prada, National President
Jorge Villate-Castillo, Regional President
Luz-Marina Oviedo-de-Cuevas, Executive Director
Avenida 22 No. 41-69
Santafé de Bogotá, D.C. , Colombia
Tel: (571) 368-9268/269-7442/369-0441
Fax: (571) 368-9265/369-0442
Publishes: ACIEM NACIONAL and ACIEM CUNDINAMARCA (Quarterly)
Web Site: www.aciem.com

ASOCIACION DE INGENIEROS CONSULTORES COLOMBIANOS - AICO

(Colombian Association of Consulting Engineers)

Contacts: Hernan Venegas-Medina, President

Silvia Vanegas-de-Arciniegas, Executive Director

Carrera 13 A No. 89 - 53, Of. 401

Santafé de Bogotá, D.C. - Colombia

Tel: (571) 610-5726 /-5746

Fax: (571) 610-7275

E-mail: aico@interred.net.co

SOCIEDAD COLOMBIANA DE INGENIEROS (SCI)

(COLOMBIAN ENGINEERS SOCIETY)

Contacts: Heberto Jimenez-Munoz, , President

Alfredo Diaz-Piccaluga, Executive Director

Carrera 4 No. 10-41

Santafé de Bogotá, D.C., Colombia

Tel: (571) 286-2200/256-1023/611-4040

Fax: (571) 281-6229

Members: 2,000 legally registered Colombian engineers

Publishes: Anales de Ingenieria (quarterly)

E-mail: scij@colomsat.net.co

Exports

ASOCIACION NACIONAL DE EXPORTADORES (ANALDEX)

(NATIONAL ASSOCIATION OF EXPORTERS)

Contact: Javier Diaz-Molina, President

Carrera 10 No. 27-27 Int. 137, Oficina 902, Edificio Bachue

Santafé de Bogotá, D.C., Colombia

Tel: (571) 342-0788

Fax: (571) 284-6911

E-mail: analdex@multi.net.co

ASOCIACION COLOMBIANA DE EXPORTADORES DE FLORES (ASOCOLFLORES)

(ASSOCIATION OF FLOWER EXPORTERS)

Contact: German Botero-Arboleda, President

Carrera 9A No. 90-53

Santafé de Bogotá, D.C., Colombia

Tel: (571) 257-9311

Fax: (571) 218-3693 / 6210331

Web site: www.colombianflowers.com

E-mail: info@asocolflores.org

PROEXPORT COLOMBIA

(EXPORT PROMOTION BUREAU)

Contact: Orlando Sardi-DeLima, President

Calle 28 No. 13A-15 Piso 36

Santafé de Bogotá, D.C., Colombia

Tel: (571) 281-3151/341-2066/0677/334-8611

Fax: (571) 282-8130/282-8230

Web site: www.proexport.com.co

Food Products

ANDI-CAMARA INDUSTRIAL DE ALIMENTOS

(FOOD PROCESSORS ORGANIZATION)

Contact: Octavio Campo-Urrea, Executive Director

Carrera 13 No. 26-45, Ofc. 501

Santafé de Bogotá, D.C., Colombia

Tel: (571) 281-5372/281-0600/232-3602

Fax: (571) 281-5372

E-mail: ahernandez@andi.com.co

Informatics

ASOCIACION COLOMBIANA DE INGENIEROS DE SISTEMAS (ACIS)

(COLOMBIAN ASSOCIATION OF SYSTEMS ENGINEERS)

Contacts: Victor-Manuel Toro, President

Beatriz Caicedo-Rioja, Executive Director

Calle 93 No. 13-32, Oficina 102

Santafé de Bogotá, D.C., Colombia

Tel: (571) 610-4842/616-1407

Fax: (571) 616-1409

Publishes: Sistemas (Quarterly) - Members: 1,600 system engineers

Web site: www.acis.org.co

ASOCIACION COLOMBIANA DE USUARIOS DE COMPUTADORES (ACUC)

Contacts: Guillermo Mendez-Pachon, National President

Miguel A. Vargas, National Executive President

Carrera 15 No. 85-76 Oficina 506

Santafé de Bogotá, D.C., Colombia

Tel: (571) 530-2160/236-5344/616-0777

Fax: (571) 340-2839
Members: 3500 computer end-users
E-mail: acuc@impsat.net.co

**CAMARA COLOMBIANA DE INFORMATICA Y TELECOMUNICACIONES (CCIT).
(COLOMBIAN TELE-INFORMATIC CHAMBER)**

Contact: Sergio Martínez, President
Calle 93 No. 20-66 Oficina 202
Santafé de Bogotá, D.C., Colombia
Tel: (571) 621-4309/621-4359/621-4379
Fax: (571) 621-4448
Members: The 40 largest manufacturing and service providing companies in the telecommunication and computer sectors
Web site: www.ccit.org.co
E-mail: ccit@colomsat.net.co

Leather

**ASOCIACION COLOMBIANA DE INDUSTRIALES DE CALZADO Y EL CUERO Y SUS
MANUFACTURAS (ASICAN)
(ASSOCIATION OF LEATHER GOODS MANUFACTURERS)**

Contact: Antonio-José Londoño-Velez, President
Carrera 4A No. 25-C-71
Santafé de Bogotá, D.C., Colombia
Tel: (571) 281-6400/281-6171
Fax: (571) 341-8995
E-mail: asicam@andinet.com
Media

Newspapers and Periodicals

EL TIEMPO

Avenida Eldorado No. 59-70
Santafé de Bogotá, Colombia
Tel: (571) 294-0100
Fax: (571) 410-5088
Internet: <http://www.eltiempo.com>.
Circulation: 390,000 daily (Monday through Saturday); 490,000 (Sundays)

EL ESPECTADOR

Avenida 68 No. 23-71
Santafé de Bogotá, Colombia

Tel: (571) 423-2300 / 220-2700
Fax: (571) 220-0741 / 220-0742
E-mail: redactor@elespectador.com
Internet: <http://www.elespectador.com>.
Circulation: 60,000 daily

PORTAFOLIO

Calle 69 No.43B-44
Santafé de Bogotá, Colombia
Tel: (571) 410-9555
Fax: (571) 410-5088
Internet: <http://www.eltiempo.com>
Circulation: 42,300 daily (Monday through Friday)

LA REPUBLICA

Calle 46 No. 103-59
Santafé de Bogotá, Colombia
Tel: (571) 413-0053/0223/5077
Fax: (571) 413-0251
E-mail: repusen@interred.net.co
Internet: <http://www.la-republica.com>
Circulation: 55,000 daily

Major Colombian Newspapers (U.S. contact points):

EL TIEMPO & EL ESPECTADOR

Contact: Luis Alberto Cano
P.O. Box 831988
Miami, FL 33283
Tel: (305) 384-2249; Fax: (305) 384-9152

EL TIEMPO & EL ESPECTADOR

Latin American News Agency
7122 35th Avenue
Jackson Heights, NY 11372
Tel: (718) 478-4692; Fax: (718) 458-4774

Magazines:

CAMBIO

Carrera 9 No. 76-49, Piso 8
Santafé de Bogotá, Colombia

Tel: (571) 317-6980/317-6803/317-6780; Fax: (571) 317-5680/321-5516

DINERO

Carrera 11A No. 93-94 Piso 4

Santafé de Bogotá, Colombia

Tel: (571) 621-8741/83; Fax: (571) 621-9093/218-6450

Internet: <http://www.dinero.com>

SEMANA

Calle 93B No. 13-47

Santafé de Bogotá, Colombia

Tel: (571) 622-2277/88; Fax: (571) 621-0476/75

E-mail: correo@semana.com

Internet: <http://www.semana.com>

Major Television Programmers and Broadcasters, TV News Producers, and Cable & Satellite-Paid TV Companies:

TV – Programmers:

CARACOL ESTUDIOS

Gabriel Restrepo, General Manager

Calle 27 No. 4-01

Santafé de Bogotá, D.C., Cundinamarca

Phone: (571) 243-0023; Fax: (571) 243-6001

CM& (PROGRAMADORA)

Claudia Cardenas, General Manager

Carrera 43A No. 21-82

Santafé de Bogotá, D.C., Cundinamarca

Phone: (571) 368-7878; Fax: (571) 368-7878

DATOS Y MENSAJES S.A.

Orlando Hernandez, General Manager

Calle 38 No. 15-31

Santafé de Bogotá, D.C., Cundinamarca

Phone: (571) 338-2500; Fax: (571) 288-4506

JORGE BARON TELEVISION

Jorge Eliecer Baron, General Manager

Carrera 7 No. 50-27

Santafé de Bogotá, D.C., Cundinamarca

Phone: (571) 310-5804; Fax: (571) 310-5624

PRODUCCIONES PUNCH S.A.

Luis Fernando Jaramillo, President

Calle 43 No. 27-47

Santafe de Bogota, D.C., Cundinamarca

Phone: (571) 269-4711; Fax: (571) 269-3539

R.T.I. (RADIO TELEVISION INTERAMERICANA S.A.)

Patricio Wills, President

Calle 19 No. 4-56, Piso 2

Santafe de Bogota, D.C., Cundinamarca

Phone: (571) 282-7700; Fax: (571) 243-1221/284-9012

TV – Broadcasters:

CANAL A

Fernando Barrero, General Manager

Avenida Suba No. 106A-28, Oficina 405

Santafe de Bogota, D.C., Cundinamarca

Phone: (571) 617-9525; Fax: (571) 613-9816

CANAL UNO

Mariana Cortes, General Manager

Calle 66 No. 9-31

Santafe de Bogota, D.C., Cundinamarca

Phone: (571) 347-6000; Fax: (571) 348-4140

CARACOL

Ricardo Alarcon, President (e)

Calle 76 No. 11-35

Santafe de Bogota, D.C., Cundinamarca

Phone: (571) 321-1660; Fax: (571) 321-1670

RCN

Gabriel Reyes, President

Avenida de Las Americas No. 65-82

Santafe de Bogota, D.C., Cundinamarca

Phone: (571) 426-9292; Fax: (571) 414-0412/ 420-2616

TV News Producers:

NOTICIAS CARACOL

Yamit Amat, Director
Carrera 21 No. 39B-41
Santafe de Bogota, D.C., Cundinamarca
Phone: (571) 338-0677; Fax: (571) 288-3927 & 288-7085

NOTICIERO CM&
Carlos Santamaria, Director
Diagonal 22A No. 43-65
Santafe de Bogota, D.C., Cundinamarca
Phone: (571) 337-7500; Fax: (571) 337-8147/337-7108/ 337-7611

NOTICIERO CNN
Hector Guzman, Representative for Colombia
Carrera 7 No. 66-10, Oficina 206
Santafe de Bogota, D.C., Cundinamarca
Phone: (571) 640-0254; Fax: (571) 640-0254

NOTICIERO NACIONAL
Carolina Hoyos, Director
Calle 63E No. 32-11/15
Santafe de Bogota, D.C., Cundinamarca
Phone: (571) 347-1083; Fax: (571) 347-1136/235-1610

NOTICIERO R.C.N.
Daniel Coronel, Director
Avenida de Las Americas No. 65-82
Santafe de Bogota, D.C., Cundinamarca
Phone: (571) 426-9292; Fax: (571) 426-9440

Cable & Satellite-Paid TV Companies:

CABLEVISION
Gonzalo Ulloa, General Manager
Carrera 2 No. 24-116
Cali, Valle
Phone: (572) 896-0606; Fax: (572) 889-0034

DIRECT TV (Satellite)
Roberto Sierra, General Manager
Avenida 6 Norte No. 29N-103
Cali, Valle
Phone: (572) 661-7211; Fax: (572) 661-7644/ 661-8041

SKY (Satellite)

Roy Burstin, General Manager

Avenida Eldorado No. 84A-55, Int. 105

Santafé de Bogotá, D.C., Cundinamarca

Phone: (571) 546-0700; Fax: (571) 410-3031, 263-7755

TV CABLE BOGOTA

Augusto Marquez-Tono, General Manager

Carrera 11A No. 94-76

Santafé de Bogotá, D.C., Cundinamarca

Phone: (571) 616-1610; Fax: (571) 616-4082

Mining

Consejo Intergremial de Minería de Colombia (CIMCO)

Contact: Carlos-Fernando Forero-Bonell

Carrera 17 No 88-23-27 Of 302

Santafé de Bogotá, D.C., Colombia

Tel: (571) 621-2504 / 691-7493

Fax: (571) 621-2592

E-mail: asogravas@col-online.com

Petroleum

ASOCIACION COLOMBIANA DEL PETROLEO

(COLOMBIAN PETROLEUM ASSOCIATION)

Contact: Alejandro Martínez-Villegas, Executive President

Calle 86 No. 20-21, Of. 401

Santafé de Bogotá, D.C., Colombia

Tel: (571) 616-8384 through 616-8387

Fax: (571) 616-8390 / 616-8393

E-mail: acp@latino.net.co

Web Site: www.acpetroleo.com

CAMARA COLOMBIANA DE LA INDUSTRIA PETROLERA (CAMPETROL)

(COLOMBIAN CHAMBER FOR THE OIL INDUSTRY)

Contact: Freddy Castaño-Rojas, Executive Director

Carrera 13A No. 104-09

Santafé de Bogotá, D.C., Colombia

Tel: (571) 214-8681/214-8920/619-7114; Fax: (571) 214-8920

Pharmaceutical

ASOCIACION DE LABORATORIOS FARMACEUTICOS DE INVESTIGACION (AFIDRO)

Contact: Margarita Villate, President

Transversal 6 No. 27-10 Piso 6

Santafé de Bogotá, D.C., Colombia

Tel: (571) 334-1580/334-1585

Fax: (571) 334-6139

E-mail: afidro@latino.net.co

Web site: www.afidro.com

Plastics

ASOCIACION COLOMBIANA DE INDUSTRIAS PLASTICAS (ACOPLASTICOS) (PLASTIC INDUSTRIES ASSOCIATION)

Contact: Carlos Garay-Salamanca, President

Santafé de Bogotá, D.C., Colombia

Calle 69 No. 5-33

Tel: (571) 346-0655

Fax: (571) 249-6997

E-mail: acoplas@cable.net.co

Web Site: www.sitio.de/acoplasticos

Market Research Firms

A. C. NIELSEN DE COLOMBIA S.A.

Contact: Felipe Urdaneta-Deeb, General Manager

Calle 80 No. 5-81

Santafé de Bogotá, D.C., Colombia

Tel: (571) 211-9100

Fax: (571) 345-8667 / 3458664

Web site: www.acnielsen.com

MARKET RESEARCH DE COLOMBIA

Contact: Jorge Martínez-Gil, General Manager

Avenida 13 No. 114A-32, Piso 3

Santafé de Bogotá, D.C., Colombia

Tel: (571) 619-8423/619-8435/619-8446/619-8457

Fax: (571) 619-8490

E-mail: market@market.com.co

DATA PHARMACEUTICAL SERVICES LTDA. DE COLOMBIA

Contact: Maria-Eugenia Muñoz-de-Caro, General Manager

Carrera 21 No. 39A-66

Santafé de Bogotá, D.C., Colombia

Tel: (571) 3403150; Fax: (571) 3403150

CENTRO NACIONAL DE CONSULTORIA

Contact: Roque Gonzalez-Garzon, General Manager

Diagonal 34 No. 5-27

Santafé de Bogotá, D.C., Colombia

Tel: (571) 288-3100/288-1811

Fax: (571) 287-2670

E-mail: cnc@cable.net.co

OPTIMOS LTDA.

Contact: Rocio Aristizabal-Kiser, General Manager

Carrera 13A No. 89-38 Oficina 339

Santafé de Bogotá, D.C., Colombia

Tel: (571) 618-2751/618-4606

Fax: (571) 618-2821

E-mail: optimos@col1.telecom.com.co

MULTILATERAL DEVELOPMENT BANKS

ALIDE

Contact: Germán Contreras, Country Representative

Calle 16 No. 6-66 Piso 7

Santafé de Bogotá, D.C., Colombia

Tel: (571) 334-2459/336-0377

Fax: (571) 283-8713

Web site: www.alide.org.pe

BANCO INTERAMERICANO DE DESARROLLO (IDB)

Contact: Carlo Binetti, Country Representative

Avenida 40A No. 13-09 P7

Santafé de Bogotá, D.C., Colombia

Tel: (571) 288-0366

Fax: (571) 288-6336 / 2886481

Web site: www.iadb.org

BANCO MUNDIAL (WORLD BANK)

Contact: Alberto Chueca Mora, Country Representative

Santafé de Bogotá, D.C., Colombia

Diagonal 35 No. 5-98
Tel: (571) 320-3577
Fax: (571) 245-5744
Web site: www.worldbank.org

CORPORACION ANDINA DE FOMENTO
Contact: Luis Palau Rivas, Country Representative
Santafé de Bogotá, D.C., Colombia
Carrera 7 No. 74-56 P13
Tel: (571) 313-2311
Fax: (571) 313-2787
Web site: www.caf.com

FLAR-FONDO LATINOAMERICANO DE RESERVAS
Contact: Roberto Guarnieri, Executive President
Carrera 13 No. 27-47 Piso 10
Santafé de Bogotá, D.C., Colombia
Tel: (571) 241-9860
Fax: (571) 288-1117
Web site: www.flar.net

U.S. EMBASSY

Mailing address from U.S.:
U.S. Embassy Bogotá
Unit 5120
APO AA 34038
Tel: (571) 315-0811 (Switchboard)
Fax: (571) 315-2197

Street address:
Calle 22D Bis No. 47-51
Santafé de Bogotá, D.C., Colombia

THE COMMERCIAL SERVICE/US & FCS (U.S. Department of Commerce).

Mailing address from U.S.:

The Commercial Service
Contact: Karla King, Commercial Counselor
Vacant, Commercial Attache

Unit 5120
APO AA 34038
Tel: (571) 315-2126/-2298/-1026
Fax: (571) 315-2171/315-2190
E-mail: bogota.office.box@mail.doc.gov
Web site: www.usembassy.state.gov/colombia

ECONOMIC SECTION (Department of State)
Contact: Richard M. Sanders, Economic Counselor

AGRICULTURAL SECTION (Department of Agriculture)
Contact: David Salmon, Agriculture Attache

WASHINGTON-BASED USG CONTACTS FOR COLOMBIA

U. S. Department of Commerce
Contact: Matt Gaisford, Colombia Desk Officer
14th Street & Constitution Avenue, N.W.
Washington D.C. 20230
Tel: (202) 482-1599/482-2736
Fax: (202) 482-0464

TPCC Trade Information Center
Washington, D.C.
Tel: 1-800-USA-TRADE

U.S. Department of State
Contact: Denise Malczewski, Colombia Desk Officer
2201 C Street N.W.
Washington D.C. 20250
Tel: (202) 647-3023
Fax: (202) 647-2628

Office of the Coordinator for Business Affairs
Washington D.C.
Tel: (202) 746-1625
Fax: (202) 647-3953

U.S. Department of Agriculture
Foreign Agricultural Service (FAS)
Contact: Robert Hoff, Western Hemisphere Area Office
14th & Independence Avenue, N.W.

Washington D.C. 20250

Tel: (202) 720-3221

Fax: (202) 720-6063

U.S. Department of Agriculture

Foreign Agricultural Service (FAS)

Trade Assistance and Promotion Office

Washington D.C.

Tel: (202) 720-7420

XII. MARKET RESEARCH

Industry Sector Analyses (ISAs)

Each year, The Commercial Service at the U.S. Embassy in Bogotá writes a number of in-depth sectoral reports available to U.S. industry. The following Industry Sector Analyses (ISAs) were prepared during fiscal year 2000:

1. Travel and Tourism Services (TRA)
2. Electric Power Systems (ELP)
3. Plastic Materials and Resins (PMR)
4. Financial Services (FNS)
5. Food Processing Equipment (FPP)
6. Machine Tools (MTL)
7. Heavy Construction and Earthmoving Equipment (CON)

The following ISAs are planned for fiscal year 2001:

1. Air Cargo Services (AVS)
2. Apparel (APP)
3. Automotive Maintenance Equipment (APS)
4. Computer Hardware and Software Services (CSV/CSF)
5. Energy Services (ELP)
6. Medical Equipment (MED)
7. Municipal Water Supply and Treatment Equipment (POL/WTR)

ISAs and IMIs and other complete listings of market research are available to the U.S. business community through the National Trade Data Bank (NTDB). For more information, call the U.S. Department of Commerce's Export Hotline at (800) 872-8723 or www.exportusa.com

International Market Insight Reports (IMIs)

The Commercial Service in Bogotá has also prepared the following IMIs (short spot reports on specific market conditions and opportunities during the past year.

TITLE	DATE
BUSINESS OPPORTUNITY-CRIMINALISTIC TECHNOLOGY/EQ	OCT 13/99
CLEANER PRODUCTION SEMINAR	NOV 8/99
CARTAGENA GRAIN TERMINAL	NOV 11/99
FORESTRY PROJECTS AND THE KYOTO PROTOCOL	DEC 3/99
BOOK ON POLLUTION CONTROL IN DEVELOPING COUNTRIES	DEC 3/99
COLOMBIAN HOLIDAYS	DEC 3/99
VACACIONES USA 2000	DEC 3/99
STRATEGIC ALLIANCE FORD MOTOR- MAZADA CCA	DEC 6/99
2000-CHALLENGES IN THE COLOMBIAN HEALTH CARE SECTOR	DEC 20/99
MEDELLIN SHORT DISTANCE TRAINS CONSTRUCTION PROJECT	DEC 27/99
Y2K FINAL TEST REPORT FOR TELECOM COMPANIES	DEC 29/99
BOGOTA TELEPHONE COMPANY PRIVATIZATION UPDATE	DEC 29/99
AT&T ACQUISITION/MERGING AFFECTING COLOMBIA	DEC 29/99
CALI AIRPORT CONCESSION	DEC 29/99
NEW EXPLORATION PROJECTS	DEC 29/99
NEW PRESIDENT OF CELUMOVIL DE COLOMBIA	JAN 18/00
PROMOTION OF IBG THROUGH INTERNET COMDEX-FALL 99	JAN 18/00
E-COMMERCE WORLDNET - BOGOTA DECEMBER 2, 1999	JAN 18/00
FOOD PROCESSING/PACKAGING EQ.-COL IMPORT DUTY/SALES TAX	JAN 19/00
BRAZIL-COLOMBIA STEEL MILL MEGAPROJECT	JAN 25/00
SMALL SULFURIC ACID PLANT TO BE BUILT IN COLOMBIA	JAN28/00
THE LARGEST COL ECON GROUP-GOOD INVESTMENT & EQUIPMENT SALES OPPORTUNITY	JAN 31/00
SMALL SULFURIC ACID PLANT TO BE BUILT IN COLOMBIA	FEB 24/00
COLOMBIAN FOREIGN TRADE REGULATIONS	FEB 24/00
US PAVILION AT THE BOGOTA INTERNATIONAL TRADE FAIR	FEB 24/00
COLOMBIAN ECON GROUPS LOOK FOR INVESTORS, TECHNOLOGY & NEW MARKETS	MAR31/00
THE MINISTRY OF FOREIGN TRADE ASSUMES CONTROL & REGULATIONS OF IMPORTS AND EXPORTS	MAR 31/00
UPCOMING CAMACOL CONSTRUCTION TRADE SHOW	MAR 31/00
NEW OPPORTUNITIES FOR THE MARKET OF HOUSE HOLD APPLIANCES	MAR 31/00
COLOMBIA'S SPATIAL DATA INFRASTRUCTURE INITIATIVE	MAR 31/00
AUTOMOTIVE SHOW-EXPO PARTES 2000	MAR 31/00
CLEANER DEVELOPMENT MECHANISM IMPLEMENTATION STRAT.	MAY 30/00

SHORT DISTANCE TRAINS FOR THE CITY OF BOGOTA	APR 5/00
OPEN SKIES AGREEMENT FOR AIR CARGO BETWEEN US/-COLOMBIA	JUN 2/00
MARKET UPTDATE TOURISM – COLOMBIA	JUN 6/00
KEY CONTACTS RELATED TO THE TRAVEL & TOURISM SECTOR	JUN 6/00

Agricultural Reports

DAIRY ANNUAL: WHOLE AND NON-FAT DRY MILK	OCT/99
OILSEEDS AND PRODUCTS ANNUAL	FEB/00
GRAIN AND FEED ANNUAL	MAR/00
AGRICULTURAL TRADE POLICY MONITORING REPORT	APR/00
SUGAR ANNUAL	APR/00
COFFEE ANNUAL	MAY/00
COTTON ANNUAL	JUN/00
FOOD AND AGRICULTURAL IMPORT REGULATIONS	JUL/00
LIVESTOCK ANNUAL	AUG/00
POULTRY ANNUAL	AUG/00

These and other reports are available on the FAS website: www.fas.usda.gov

XIII. TRADE EVENT SCHEDULE

The trade events listed below are subject to change. Interested U.S. firms should consult the Export Promotion Calendar on the NTDB or contact The Commercial Service at the U.S. Embassy in Bogota for updated information. E-mail: bogota.office.box@mail.doc.gov

NOV 07-12/00 FERIA INTERNACIONAL DE BOGOTA (Bogota International Trade Fair)

Colombia's most important biennial trade show, primarily for capital equipment, service industries, and raw materials. Show attracts exhibitors from Colombia and approximately 30 foreign countries. The U.S. has had a pavilion since 1974. The Colombian American Chamber of Commerce is organizing the 2000 Pavilion. For details on participation, please contact:

Colombian American Chamber of Commerce

Contact: Joseph Finnin, Executive Director

Calle 98 No. 22-64, Oficina 1209

Santafé de Bogotá, D.C.

Tel: (571) 621-5042 / 621-5242

Fax: (571) 621-6838

E-mail: amchamco@impsat.net.co

Home page: www.amchamcolombia.com.co

FEB 15-16/01 VACACIONES USA TRAVEL SHOWCASE – Bogota

(Trade show for the promotion of travel & tourism to the U.S.). The Commercial Service in Bogota will support this event which is being managed by the Visit USA Travel Committee.

FEB 19-22/01 ANDINA LINK CABLE TV – Cartagena.
(Cable TV equipment & services). U.S. Dept. of Commerce certified event.

MAY 08-11/01 EXPO COMM ANDINO 2001 - Bogota
(Telecommunications trade show). U.S. Dept. of Commerce certified event.

JUN 2001 MULTI-STATE CATALOG SHOW to Belo Horizonte, Brazil & Bogota

SEP 13-14/01 STUDY USA - Bogota
(Educational trades fair). CS Bogota supports the event.

Agricultural Events

The Foreign Agricultural Service/FAS in Bogota will be organizing and participating in the following trade events during FY2001:

FEB 2001 COLOMBIATEX - Medellin
(FAS will provide information on USDA's Export Credit Guarantee Programs for U.S. cotton and cotton product exports.)

MAY 15-19/01 ALIMENTEC 2000 – Bogota
(The third specialized food and beverage trade show organized by ANDI and CORFERIAS).

JUL 13-22/01 AGROEXPO - Bogota
(Agricultural and food processing equipment, processed foods, cattle, farm equipment and agricultural chemicals.)

Information on U.S. domestic shows are available at: www.fas.usda.gov

Major Colombian Trade Shows

The following is a listing of major international trade shows that will be held at CORFERIAS fairgrounds, Colombia's largest exhibition center located in Bogota, during the remainder of calendar year 2000 and calendar year 2001. For further information on these events, please contact:

CORFERIAS

Contacts: Hernando Restrepo-Londono, General Director
Roberto Vergara, Commercial Manager

Carrera 40 No.22C-67
 SantaFe de Bogota, Colombia
 Tels: (571) 381-0000 and 381-0030
 Faxes: (571) 428-2622 and 428-0263
 E-mail: corferia@axesnet.com
 Home Page: <http://www.corferias.com>

SEP 14-OCT 1/00	FERIA DEL HOGAR (Housewares, homefurnishings & consumer goods)
OCT 10-14/00	ANDIGRAFICA (Graphic Arts)
OCT 11-15/00	EXPOSALUD (Health care)
OCT 17-22/00	COMPUEXPO – INTERSOFTWARE (Computers, software, telecommunications and office equipment)
NOV 07-12/00	BOGOTA INTL. TRADE FAIR (Biennial trade show for capital equipment, service industries & raw materials)
NOV 07-12/00	COLOMBIAPLAST (Plastics working equip. & materials)
NOV 23-DEC 3/00	SALON INTERNACIONAL DEL AUTOMOVIL (Automobiles)
FEB 06-09/01	INTL. FOOTWEAR & LEATHER SHOW
FEB 27-MAR 01/01	VITRINA TURISTICA DE ANATO (Travel/Tourism trade show)
APR 27-MAY 07/01	INTL. BOOK FAIR
MAY 08-11/01	EXPO COMM ANDINO 2001 (Telecommunications trade show). U.S. Dept. of Commerce certified event.
MAY 15-19/01	ALIMENTEC (Foodstuffs)
MAY 31-JUN 06/01	EXPOCONSTRUCCION & EXPODISEÑO (Construction & Design)
JUL 13-22/01	AGROEXPO (Agricultural and farm equipment)
AUG 30-SEP 16/01	FERIA DEL HOGAR (Housewares/homefurnishings/consumer goods)

International Buyer Program (IBP)

Each year the U.S. Department of Commerce selects twenty-eight leading U.S. trade shows to promote worldwide through the global network of Commercial Services posts. CS posts bring groups of prospective international buyers to these events. U.S. exhibitors at shows participating in the International Buyer Program benefit from worldwide promotion of their products and services through the Export Interest Directory, export counseling, and assistance in meeting prospective foreign customers.

U.S. companies interested in contacting participants of international buyer delegations should visit the International Business Centers at these shows. Most of the events also sponsor export seminars at which Commercial Specialists from U.S. Embassies provide information on U. S. sector opportunities in their country. For additional information on this program, please contact the show organizer or project officer at the U.S. Department of Commerce in Washington, D.C.; Tel: (202) 482-0481 Fax: (202) 482-0115

The following IBP shows are being promoted by the Commercial Service in Bogota for the remainder of FY2000 and FY2001:

- | | |
|--------------|--|
| AUG 13-16/00 | INTL. HARDWARE WEEK & NATIONAL HARDWARE SHOW
Chicago, IL
Sponsor/Show Organizer: American Hardware Manufacturers Association
Tel: (847) 605-1025; Fax: (847) 605-1093
E-mail: AHMA@AHMA.ORG or BFARRELL@AHMA.ORG |
| AUG 21-24/00 | ISA EXPO (Scientific Instruments)
New Orleans, LA
Sponsor/Show Organizer: ISA–Intl. Society for Measurement & Control
Tel: (919) 990-9209 / 549-8411; Fax: (919) 549-8288
E-mail: INFO@ISA.ORG OR MCOLLINS@ISA.ORG |
| AUG 28-31/00 | MAGIC – SUMMER (Clothing & Apparel)
Las Vegas, NV
Sponsor/Show Organizer: Magic International
Tel: (818) 593-5000 Ext.440; (818) 593-5003 Ext.408;
Fax: (818) 593-5020
E-mail: MAGIC@ONLINE.COM |
| SEP 26-29/00 | PCIA/GLOBAL XCHANGE (PERSONAL COMMUNICATIONS
SHOWCASE)
(IT/Telecommunications equipment)
Chicago, IL |

Sponsor/Show Organizer: Personal Communications Industry Association
 Tel: (703) 739-0300 Ext.3023; Fax: (703) 836-1608
 E-mail: CASSILLM@PCIA.COM

OCT 03-06/00 MEDTRADE 2000 (Medical Equipment & Supplies)
 Orlando, FL
 Sponsor/Show Organizer: VNU Expositions-MEDTRADE
 Tel: (770) 569-1540 Ext.528; Fax: (770) 777-8710
 E-mail: ZESTEVEZ@MEDTRADE.COM

OCT 09-12/00 MINEXPO Int'l 2000 (Mining Technology & Equipment)
 Las Vegas, NV
 Sponsor/Show Organizer: National Mining Association/NMA
 Tel: (202) 463-2611; Fax: (202) 463-9799
 E-mail: KALLEN@NMA.ORG

OCT 17-19/00 SUNBELT AGRICULTURAL EXPO (Agricultural Equipment)
 Moultrie, GA
 Sponsor/Show Organizer: Sunbelt Agricultural Exposition
 Tel: (912) 985-1968; Fax: (912) 890-8518
 E-mail: SUNEXPO@ALLTEL.NET

OCT 31-NOV 03/00 AUTOMOTIVE AFTERMARKET INDUSTRY WEEK
 (Automotive Parts and Service Equipment)
 Las Vegas, NV
 Sponsor/Show Organizer: William T. Glasgow, Inc.
 Tel: (708) 226-1300; Fax: (708) 226-1310
 E-mail: NOVAKJUDYANN@AOL.COM

NOV 01-16/00 POWER-GEN INTERNATIONAL (Power generation)
 Orlando, FL
 Sponsor/Show Organizer: Power-Gen International
 Tel: (918) 832-9245; Fax: (918) 831-9834
 E-mail: CHEREP@PENNWELL.COM

NOV 05-09/00 PACK EXPO & The Intl. Exhibition for Food Processors
 (IEFP) (Packaging and processing)
 Chicago, IL
 Sponsor/Show Organizer: Packaging Machinery Manufacturers Institute

Tel: (703) 243-8555; Fax: (703) 243-8556
 E-mail: ALEXIS-THE@SIGN-PMML.ORG

- NOV 13-17/00 COMDEX FALL (Computer hardware/software)
 Las Vegas, NV
 Sponsor/Show Organizer: Key3Media Events, Inc.
 Tel: (781) 433-1814 Fax: (781) 433-2801
 E-mail: JIM.LADD@KEY3MEDIA.COM
- DEC 07-10/00 INT'L AUTOBODY CONGRESS & EXPOSITION/NACE
 (Automotive Parts & Service Equipment)
 Orlando, FL
 Sponsor/Show Organizer: Agent for Automotive Service Association
 Tel: (817) 255-8030; Fax: (817) 255-8065
 E-mail: LJONES@MFI.COM
- JAN 07-10/01 INTL. CONSUMER ELECTRONICS SHOW (Telecommunications)
 Las Vegas, NV
 Sponsor/Show Organizer: Consumer Electronics Manufacturers Association
 Tel: (703) 907-7671; Fax: (703) 907-7602
 E-mail: LWAGENER@EIA.ORG
- JAN 14-17/01 INTERNATIONAL HOUSEWARES SHOW
 Chicago, IL
 Sponsor/Show Organizer: National Housewares Manufacturers Association
 Tel: (847) 692-0118; Fax: (847) 292-4211
 E-mail: HCHANTOS@NHMA.COM
- JAN 21-24/01 THE SGMA SUPER SHOW (Sporting Goods)
 Las Vegas, NV
 Sponsor/Show Organizer: Communications & Show Management, Inc.
 Tel: (305) 893-8771 Ext.118; Fax: (305) 893-8783
 E-mail: TRACY@CSMIPL.COM
- FEB 12-15/01 PROMAT (Materials Handling Equipment)
 Chicago, IL
 Contact: C. Rudman Tel: (202) 482-0905
 Tel: (202) 736-3654; Fax: (202) 785-0721
 E-mail: rmesirow@ctia.org
- MAR 10-13/01 INT'L. BEAUTY SHOW
 New York, NY

Sponsor/Show Organizer: Advanstar
 Tel: (203) 882-1300 Ext.104; Fax: (203) 882-1800
 E-mail: BEAUTY@ADVANSTAR.COM

- APR 02-04/01 WIRELESS 2001
 Dallas, TX
 Contact: K. Haley
 Tel: (202)482-6434
- APR 03-05/01 WASTE EXPO 2001
 Chicago, IL
 Contact: L. Burlingame
 Tel: (202) 482-5416
- APR 21-26/01 NAB 2001 (Telecommunications/Broadcasting Equipment)
 Las Vegas, NV
 Sponsor/Show Organizer: NAB Conventions & Exhibitions
 Contact: M. Olivares Tel: (202) 482-4918
 Tel: (202) 429-5423; Fax: (202) 429-5343
 E-mail: TADAMSON@NAB.ORG
- MAY 08-10/01 ENVIROEXPO
 Boston, MA
 Contact: K. Haley
 Tel (202) 482-6434
- MAY 19-22/01 RESTAURANT, HOTEL-MOTEL SHOW (Hotel/Restaurant Equipment)
 Chicago, IL
 Contact: J. Hall Tel: (202) 482-2267
 Sponsor/Show Organizer: The National Restaurant Association
 Tel: (312) 853-2525; Fax: (312) 853-2548
 E-mail: AWROBLEWSKI@DINEOUT.ORG
- JUL 29-AUG 02/01 CLINICAL LABORATORY SHOW
 Chicago, IL
 Contact: C. Rudman
 Tel: (202) 482-0905
- AUG 16-18/01 BOBBIN WORLD
 Orlando, FL
 Contact: J. Hall
 Tel: (202) 482-2267

SEP 06-13/01	PRINT 2001 Chicago, IL Contact: L. Burlingame Tel: (202) 482-5416
SEP 07-10/01	NAFEM (Food Processing Equipment) Orlando, FL Contact: M. Olivares Tel: (202) 482-4918
SEP 10-13/01	ISA 2001 Houston, TX Contact: F. Lee Tel: (202) 482-1650